FINANCIAL TIMES

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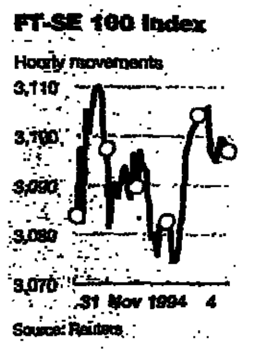
Fall in US jobless fuels expectations of interest rate rise

Expectations of a rise in US short-term interest rates were fuelled yesterday by data showing that the US unemployment rate reached a four-year low of 5.8 per cent in October. Currency market analysts said it was now a question of when rather than whether the US Federal Reserve will increase rates. Indications of mounting wage pressures prompted a sell-off in US bonds, but the dollar held steady. Page 24 and Lex; The rising yen, Page 7; Bonds, Page 10; Currencies, Page 11; Wall Street, Page 21; Markets, Weekend FT, Page II

FT-SE 100 Index



Source: Reuters

London shares: The FT-SE 100 share index extended its gains in early trading, but the market dropped sharply on the US employment data. The index later revived to close at 3,097.6 points, a net fall of 6.8 on the day. Seaq trading volume of 509.5m shares was about one third down on Tuesday's figure. Page 18; Markets, Weekend FT, Page II

Russian deputy PM quits: Deputy prime minister Alexander Shokhin, the senior reformer in the Russian cabinet, offered his resignation and said economic reform would not succeed under the current government. His decision may worry international financial agencies which are considering loans to stabilise the rouble. Page 24

Forte announced a £175m share placing to help fund its acquisition of international hotels chain Meridien, which is 57 per cent owned by Air France. The UK hotels and restaurants group said it already had acceptances for 80 pr cent of Meridien's shares. Page 8; London stocks, Page 13; Lex, Page 24

UK car sales fall: UK sales of new cars fell nearly 3 per cent year on year last month, with sales to private buyers hit particularly severely. Page 24; Details, Page 4

Chirac's cap in the ring: Jacques Chirac, leader of France's Gaullist RPR party, declared his candidacy for next year's presidential contest, so wrecking any hope on the French political right of offering a single candidate. Page 2

No probe for Venables: The Serious Fraud Office announced it will not investigate the affairs of Edennote, the collapsed company of England soccer manager Terry Venables.

HK airport deal signed: Hong Kong's long dispute with China over the colony's new airport seemed closer to conclusion after Britain and China signed a deal settling the financial structure of the project. Page 3

Bail for Abiola: Nigerian opposition leader Moshood Abiola was granted bail but it was not known whether the military government would release him. Mr Abiola won last year's annulled presidential vote but was held on a treason charge after declaring himself president. Page 3

Uruguay spurns Medecin: Uruguay's government turned down an asylum request for the former mayor of Nice, Jacques Medecin, and ordered that his extradition to France on corruption charges go ahead.

German move on science: Germany's ruling coalition has agreed to set up a new German Academy of Sciences made up of experts from politics, the natural and applied sciences as well as arts and letters.

Ophelia fetches £600,000: A painting of Ophelia by pre-Raphaelite artist Arthur Hughes fetched £595,500 at a Christie's auction in London.

Travellers confess: More than 60 per cent of European business travellers admit stealing supplies from their hotel rooms, according to a survey for Official Airline Guides. Executives who fly first or business class justify the expense by saying they work while in the air, but actually spend their time eating smoked salmon and watching films.

Amen to that: Church leaders relaunched the College of Preachers, which will teach clergy how to avoid giving soporific sermons.

China after Deng

Where will China go now that the era of Deng Xiaoping is coming to a close? The FT's annual survey of China, out next Monday, finds that reform momentum is slowing and inflationary dangers loom.

Companies in this issue

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Bosnian Serbs mobilise forces after military defeats

By Laura Silber in Belgrade and Bruce Clark in London

The Bosnian Serbs, smarting under their first serious defeats in 31 months of war, served conscription orders on tens of thousands of civilians and students yesterday but stopped short of declaring immediate martial law.

Mr Radovan Karadzic, the Bosnian Serb leader, said a "general mobilisation" of men in his self-styled republic had begun. "We are entering the final battle," he said. Mr Karadzic has masterminded the Bosnian Serbs' hitherto successful defiance of the republic's mainly Moslem leaders, who declared independence in April 1992.

The mobilisation was a sign that Bosnian Serb resources are being strained to breaking point as growing Moslem firepower and a desperate shortage of fuel take their toll. However, a meeting between Mr Karadzic and the Bosnian Serbs' political and military leadership failed, unexpectedly, to produce any immediate decision to declare a state of war, or suspend civil rights.

The session followed military reverses at the hands of a Moslem-Croat alliance, including the loss of the strategic town of Kupres in central Bosnia and about 100 square miles of territory in the north of the republic.

Officials in Pale, the Bosnian Serb stronghold where the meeting took place, said a decision on an all-out state of war would probably be taken next week. The postponement of this move fuelled speculation among western observers of possible divisions in the Bosnian Serb leadership, which has been isolated by its former Serbian protectors in Belgrade.

Reports from Bosnian Serb-controlled territory, which amounts to nearly 70 per cent of the Bosnian republic, said security police loyal to Mr Karadzic were questioning hundreds of local officials and citizens.

The apparent purpose of the questioning is to root out supporters of Serbian President Slobodan Milosevic, who has accepted the latest international peace plan and has become a bitter rival of Mr Karadzic.

Meanwhile, UN officials denounced as "terrorism" a Serb rocket attack on Bihac, in which seven people were wounded. Mr Thant Myint-U, a UN spokesman, described the attack as a reckless and inexcusable act which had no military value. This sharp reaction

Continued on Page 24

Post Office seeks £100m cut in levy to Treasury

By Kevin Brown, Andrew Adonis and David Owen

The Post Office yesterday called for a £100m cut in its annual payment to the Treasury to compensate for the cabinet's refusal to back the privatisation plan put forward by Mr Michael Heseltine, trade and industry secretary.

Amid growing dismay among mainstream Conservatives at the cabinet's capitulation to a few rebels, senior ministers sought to dispel the impression of government drift by promising a "radical" legislative programme in the next parliamentary session.

But the uncertainty surrounding the future of the Post office heightened as it became clear that many senior ministers, including Mr Heseltine, expect privatisation to re-emerge as the only viable option.

As DTI and Treasury officials waited in vain for ministerial instructions to begin reviewing the remaining options for the Post Office, Mr Bill Cockburn, chief executive, warned that only radical change could prevent a slow decline in market share.

He said the Post Office "urgently" needed a big cut in the Treasury levy, expected to amount to £213m next year, to finance an increase of up to £100m a year in spending on updated equipment.

"We will be saying to the government: 'if you bleed us white, we will not be able to deliver a first-class postal service'. That must mean leaving us with more of our profits to re-invest," he told the FT in an interview.

Friends of Mr Heseltine said he was still feeling "sore" after his cabinet defeat on Thursday, and would not consider options for the Post Office until next week.

Those options are likely to include a reduction in the levy, as well as changes to the rules governing capital spending and pricing.

But Mr Heseltine was said to be convinced that support for privatisation will grow as it becomes clear that less radical changes are insufficient to protect the Post Office from private sector competition.

Several senior Conservatives support this view, including Sir Norman Fowler, the former Conservative party chairman, and Mr Kenneth Clarke, the chancellor.

Mr Clarke, who again ruled out changes to the Treasury rules covering Post Office borrowing, said he was "sure the Post Office will one day be privatised".

Mr Heseltine, who dismissed suggestions that his political career had been soured by the

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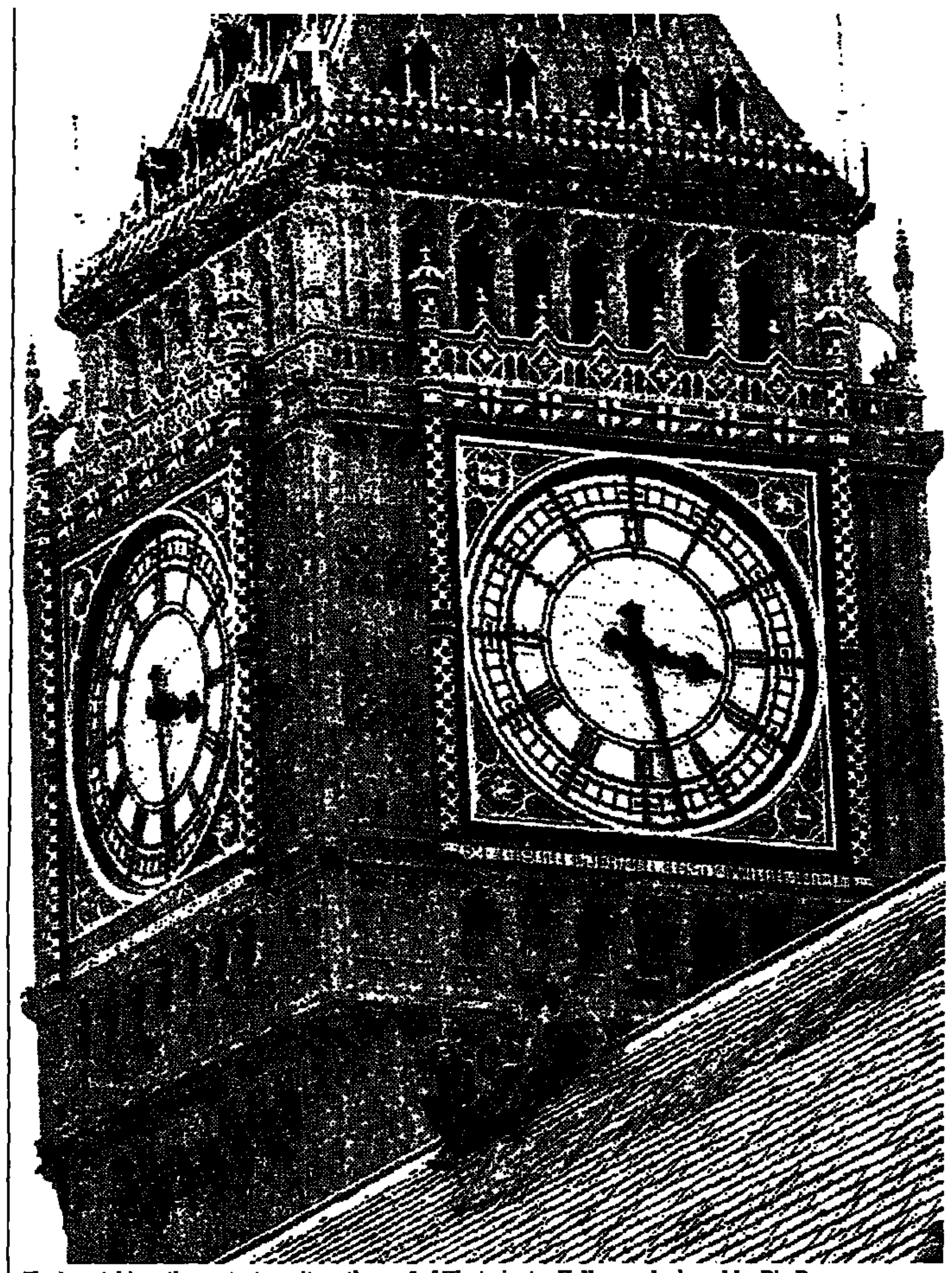

Clock-watching: the protesters sit on the roof of Westminster Hall, overshadowed by Big Ben — Andre Camara

Commons rooftop protesters try to stay in touch

By David Owen

It's good to talk – which is why the five men who scaled the House of Commons yesterday to protest against the Criminal Justice Act took a mobile phone with them.

It was lunchtime when they breached the Palace of Westminster's defences, jumping over a wall, shinning up a drainpipe and clambering on to the roof of Westminster Hall, one of London's best-known landmarks. By 1.30pm they were perched astride the roof, just below Big Ben, with banner unfurled.

On the ground, equally well equipped, was the group's press liaison officer – with a lawyer. Press releases were handed out, giving a number on which "live interviews" could be conducted with the climbers.

Mr Patrick Field, the press officer, said they were staging the protest "as citizens against the criminal justice bill". He said the men had carried out "a certain amount of reconnaissance", after which it was just "jump over the wall and charge".

Scotland Yard said seven men went over the wall but two were arrested before they could make the climb. Both face breach-of-the-peace charges.

Three of the climbers came down later and were driven away in a police van. They are believed to have been arrested on suspicion of committing criminal damage.

But all did not go entirely as planned for the climbers – repeated attempts to contact them on their mobile phone were unsuccessful.

Bock promises to concentrate solely on Lonrho interests

By Robert Peston

Dieter Bock, the German financier who on Thursday won his year-long battle to persuade Mr Tiny Rowland to quit the Lonrho board, last night pledged to sell all his outside business interests "within at least two years".

He did this to allay widespread concerns that he might lack both the time and financial resources to take a long-term approach to the reorganisation of Lonrho.

"I will be involved only in Lonrho," he said in his first interview since his victory against Mr Rowland. "I have the firm intention in a controlled way to get rid of all my outside interests. That is completable in two years but it might not take as long as that."

However, he denied rumours that his private businesses are under financial pressure. "There are no problems," he said.

He also stressed that he had "no intention" of selling any of his 18.8 per cent Lonrho holding, which was last night worth £207m, compared with the £90m bank loan he took out to finance the purchase two years ago.

His main private interest is Advanta, a German property company. However he also has extensive property interests in South Africa and a joint venture with Lord Palumbo, the former Arts Council chairman, to develop the Mansion House site in the City of London.

He did not give details of how he intended to withdraw from the controversial London scheme.

The value of his outside interests is difficult to assess, because he holds them through a network of companies in the UK, Germany and the Netherlands.

Mr Bock gave his priorities for Lonrho over the coming months:

- He wants to resume negotiations with Gencor, the South African mining conglomerate, to achieve a fusion of both companies' platinum interests, in a deal which could create the biggest platinum group in the world;
- He plans to cut head office costs by more than £10m a year;
- He will dispose of any Lonrho interest which does not belong in either the mining, hotels, agricultural or trading divisions. He said he was also likely to consider

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No time to put his feet up, Page 9

STOCK MARKET INDICES

FT-SE 100:	3,097.6	(-6.8)
Yield	4.11	
FT-SE Eurotrack 100	1,333.72	(+8.19)
FT-SE-A All-Share	1,538.05	(-0.1%)
Nikkei	19,811.56	(+60.91)
New York lunchtime		
Dow Jones Ind Ave	3,854.29	(+8.41)
S & P Composite	467.57	(-0.34)

■ LONDON MONEY

3-mo interbank	$6\frac{1}{16}$%	($6\frac{5}{32}$%)
Liffe long gilt fut	Dec $101\frac{7}{32}$	(Dec$100\frac{3}{32}$)

■ US lunchtime RATES

Federal Funds:	$4\frac{11}{16}$%
3-m Treas Bills: Yld	5.290%
Long Bond	$92\frac{13}{32}$
Yield	8.141%

■ NORTH SEA OIL (Argus)

Brent 15-day (Dec)	$17.68	(17.59)

■ Gold

New York Comex(Dec)	$384.7	(384.4)
London	$384.0	(383.7)

■ STERLING

New York lunchtime:		
$	1.6120	
London:		
$	1.6087	(1.6175)
DM	2.4501	(2.4499)
FFr	8.4067	(8.4025)
SFr	2.0504	(2.0502)
Y	157.277	(157.876)
£ Index	80.6	(80.9)

■ DOLLAR

New York lunchtime:		
DM	1.5185	
FFr	5.206	
SFr	1.2695	
Y	97.625	
London:		
DM	1.5235	(1.5146)
FFr	5.2275	(5.1948)
SFr	1.275	(1.2675)
Y	97.80	(97.605)
$ Index	61.6	(61.4)

Tokyo close Y 97.72

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Austria Sch32; Bahrain Din1.250; Bermuda $2.00; Belgium BFr65; Canada C$1.75; China RMB26.50; Cyprus C£1.10; Czech Rep CZK50; Denmark DKr16.00; Egypt E£5.00; Estonia Ekr 20.00; Finland Fmk15; France FFr9.50; Germany DM3.00; Greece Dr350; Hong Kong HK$18; Hungary Ft185; Iceland IKR215; India Rup60; Indonesia Rp4,050; Israel NS8.90; Italy L3000; Japan Y500; Jordan JD1.50; Korea Won 3000; Kuwait Fils.625; Lebanon $US1.50; Luxembourg LFr65; Malaysia Rm4.80; Malta Lm0.60; Morocco Dh15.00; Nigeria Naira90.00; Netherlands Fl4.25; Norway Nkr17.00; Oman OR1.50; Pakistan Rs40; Philippines Peso 50; Poland Zl 38,000; Portugal (m'land) Esc225; Qatar QR13.00; S.Arabia Rls11.00; Singapore S$4.30; Slovak Rep KSL50; South Africa R12.00; Spain Pta225; Sri Lanka Rup50; Sweden SKr16.00; Switzerland SFr3.30; Taiwan NT$95; Thailand Bht50; Tunisia Din1.500; Turkey L30000; UAE Dh12.00; USA $1.50

Monetary union panel rules out 'big bang'

By Emma Tucker in Brussels

An overnight "big bang" switch to a single currency in Europe has been ruled out by thepanel of experts examining EU ambitions to introduce one currency before the end of the century.

Its recommendation will be welcomed by governments, companies, and organisations who feared that a sudden change could result in administrative chaos and a bemused populace.

But while stressing the need to tread carefully, the panel, appointed by the commission, says the switch must happen as swiftly as possible, with the Ecu and national currencies coexisting only for a limited period.

Mr Cees Maas, chairman of the group, was in Brussels yesterday to present these and other suggestions to Mr Henning Christopherson, commissioner responsible for economic and financial affairs.

"The group is convinced that the Ecu will be introduced before the end of the century and Mr Christophersen was very happy to hear that," said Mr Maas, also a director of ING, the Dutch financial services company.

Mr Maas also warned the British government that the City of London, Europe's biggest and most important financial centre, would suffer from the government's decision to remain outside a single European currency.

"I cannot imagine that the City will accept not taking part in this one single currency," said Mr Maas. "It seems that if it is not part of the Ecu block, it will lose out."

According to the committee, governments, banking systems and retailers must start now to prepare for the single currency. Banks should adapt payment systems and get ready to redenominate loans and deposits in Ecu; local authorities should adapt parking meters to accept electronic payment; retailers should similarly alter vending machines and reduce cash handling as much as possible by introducing modern payment techniques.

Trade and industry should also make allowance for the imminent switch when making investments in new financial and administrative systems and when drafting long-term business agreements.

"People should not see such moves as an unnecessary expense," said Mr Maas. "It is a stimulus for more efficiency in all payment systems."

To make things easier, the European Monetary Institute, the precursor to a European central bank, should make public the size of bank notes and coins as soon as possible.

The design and production of Ecu notes and coins will be a lengthy process, according to the committee. It argues that they should be introduced within six months of stage three of European Monetary Union, which will irreversibly fix the exchange rates of participating currencies.

"If the introduction of actual Ecus is delayed for too long, the markets might start to test to see whether the currencies are really irrevocably fixed," said Mr Maas.

He also favours just one type of coin and note, rather than allowing different EU countries to put their own stamp on one side.

"This would increase the time it took to design notes and coins, increase the risk of fraud, increase costs, and prolong production of the new currency," he said.

However, the committee recognises the political and psychological importance of bank notes in spite of the widespread use of plastic cards to make payments electronically.

"Wide public support is essential to the Ecu's success. Therefore, the greatest possible attention should be paid to promoting public awareness," says the committee's provisional recommendations.

It believes that national currency notes and coins should be phased out gradually, but with markets being the driving force, rather than administrative decisions.

Tietmeyer sets out tough line on Emu convergence criteria

By Philip Gawith

Mr Hans Tietmeyer, president of the Bundesbank, yesterday appeared to harden the criteria for European monetary union when he said it was insufficient that countries meet the conditions set by the Maastricht treaty only during a periods of economic boom.

He said the Maastricht convergence criteria for economic and monetary union in Europe were to be "strictly observed". "It is crucial that entry into EMU is open only to those countries which meet the criteria in full," said Mr Tietmeyer.

In particular, he said it was not good enough merely to reduce, budget deficits to within the agreed limit of 3 per cent of GDP in times of economic boom. Countries needed to hold deficits below the 3 per cent mark during their recovery periods as well.

Luxembourg and Ireland are the only two European Union member states which meet the criteria at the moment.

His comments come amid renewed discussion recently about the prospect of a multispeed approach to European integration.

Speaking to the the German British Chamber of Commerce in London, Mr Tietmeyer also fired a warning shot across the bows of the UK. He said: "Countries that do not have the willingness and the readiness to enter into a broadly conceived and politically constructive community of solidarity should exercise caution in entering a monetary union.

"In the long run, any monetary union which lacks extensive political underpinning is likely to remain a fragile construction."

On the topical question of central bank support for the dollar, Mr Tietmeyer was coy about the prospect of Bundesbank co-operation in any programme of concerted intervention. The US Federal Reserve intervened to support the ailing dollar on both Wednesday and Thursday.

"I welcome any action that is supporting the dollar. We are all interested in a strong dollar, as we are, of course interested, at the same time, in a strong D-Mark. We have no problem with the strong D-Mark."

He said: "Joint signals to the markets can under special circumstances play a useful role." But he stressed that to be successful, "signals must be based on consistent and credible policies."

In his comments on Emu, Mr Tietmeyer chose to stress the fiscal aspect of convergence. According to Maastricht, Emu and a single currency would only come about if member states met treaty rules on convergence of inflation and interest rates, budget deficits and government debt.

The 3 per cent fiscal target for budget deficits, Mr Tietmeyer stressed, was "an indicator that should be met over some time. It cannot only be met in one year, and in a special recovery when tax revenues are increasing strongly."

He said the deficit needed to be in line with the 3 per cent "upper limit" during the whole economic cycle. "That means during a recovery, clearly you have to be below 3 per cent, and not only to a small extent."

Mr Tietmeyer said it would "not be appropriate" to overshoot the 3 per cent target. It should be seen as a "maximum", rather than as an average.

He endorsed the view that of the two deadlines envisaged in the Maastricht Treaty for transition to monetary union, the prospects for 1999 were better than for 1997. "The chances that a majority of the EU countries will qualify [for Emu] by the end of 1996, as stipulated by the treaty, are not very great at the moment," he said, noting that countries "able" to form a monetary union should do so. This "inner circle" would be open to other countries which later satisfied the economic criteria for joining.

Just so much: Tietmeyer in London yesterday Reuter

Chirac declares candidacy and defies Balladur

By Andrew Jack in Paris

Mr Jacques Chirac, leader of the Gaullist RPR party, yesterday became the first serious French politician to declare his intention to run for president of the republic in next year's race.

The surprise announcement allowed Mr Chirac, who is mayor of Paris, to seize the initiative by ignoring the request by Mr Edouard Balladur, the prime minister, to the centre-right coalition to hold off campaigning until January.

His decision to run destroys any hope among France's political right of offering a single candidate and looks sets to split the vote and trigger a bitter election contest.

Mr Chirac, 61, is currently in third place in opinion polls well behind Mr Balladur of the RPR and Mr Jacques Delors, the Socialist candidate and president of the European Commission, who are running neck and neck.

News of the announcement yesterday triggered the RPR to convene an emergency congress on November 12 at which Mr Chirac will press to become the official candidate of the party, in a direct threat to Mr Balladur.

In an unusual move, Mr Chirac spurned the usual practice of announcing his candidature on national television, in favour of giving an interview to the Lille-based newspaper La Voix du Nord, the third largest circulation newspaper in France, with 400,000 copies sold each day.

Mr André Soleau, the newspaper's editor in chief, said he believed Mr Chirac had taken the decision because Lille was the birthplace of General de Gaulle, for whom Mr Chirac is sometimes portrayed as the "spiritual son". He said Lille also symbolised *"la France profonde"* outside Paris.

In the interview, Mr Chirac called for the need to "meet the challenges and restore the hope" of France through strong policies and "rigorous ethics". He criticised the "hypocrisy" of current political debate.

He argued for "the necessity of change", and said that economic recovery had not dealt with "the problem of employment which threatens the destruction of society".

Mr François Mitterrand, the incumbent Socialist president, ends his second seven-year term in May, although his poor health may lead to the date of the election being brought forward.

Mr Chirac, who was criticised by Mr Balladur's supporters yesterday for acting prematurely, previously stood unsuccessfully for president in 1981 and 1988. He has twice been prime minister.

Five other politicians have announced their candidature for the presidency. They include Mr Jean-Marie Le Pen, head of the National Front, and Mr Robert Hue, leader of the Communist party.

Secrecy, absolute secrecy and five-star hotel bills

As British ministers writhe amid revelations of all-expenses-paid luxury stays in Paris, Andrew Jack puts hotel discretion to the test

Trying to squeeze a response about leaked ministerial hotel bills out of the Paris Ritz requires more pressure than crushing the tomatoes in the Bloody Mary supposedly invented in its bar.

The opulent and secretive Paris hotel broke its silence in a sense yesterday, but only to mutter, under duress: "We have a policy of absolute discretion regarding guests real or presumed."

That might seem ironic given more than a hundred articles in a gleeful British press mentioning the Ritz in the last few weeks in connection with the allegations of undeclared expense-paid stays by two British ministers, Mr Neil Hamilton and Mr Jonathan Aitken, illustrated by copies of their bills.

Even French journalists have been indulging – though arguably out of a sense of *schadenfreude*, relieved to have something to report on aside from the growing number of their own politicians and business people embroiled in scandals in recent months.

There again the Ritz, located on Place Vendôme off the fashionable Rue du Faubourg St Honoré in the centre, is rather accustomed to dealing with controversy. Indeed, the hotel – mother of all its more recent and supposedly more reputable namesakes – was founded on the back of it.

César Ritz opened his hotel in 1898 in Paris after decamping under mysterious circumstances from his job as manager of the Savoy in London along with his maitre d', chief cashier and chef. They were accused of taking commissions from suppliers and walking off with large quantities of wines and spirits.

Ever since, the hotel has tried nonchalantly to shroud scandal in luxury. Today, it has a Duke and Duchess of Windsor suite, in honour of King Edward VIII, who lived there for three years after abdicating to marry Wallis Simpson. It hosted Goebbels, Goering and other senior Nazis during the second world war, while its director was spying on them for the French resistance.

The extras consumed by Messrs Hamilton and Aitken are no doubt little compared to the bar bills clocked up by Ernest Hemingway, Marcel Proust, Truman Capote, Graham Greene, James Joyce, F Scott Fitzgerald and Jean-Paul Sartre in their day. Hemingway had such fun at the Ritz he once said he hoped Heaven was going to be as good.

Its kitchens invented Peach Melba and, trying hard to leave his own exotic mark on the place, Mr Mohamed Al-Fayed, its current owner, has included bullet-proof glass in a recent extravagant refurbishment.

It is still unclear exactly how Britain's Guardian newspaper obtained a copy of Mr Aitken's bill, although the newspaper admitted using a fake fax on House of Commons notepaper. Mr Al-Fayed stressed that none of the hotel's staff had been directly involved in handing over the information.

Nonetheless, the possibility that journalists – let alone tax inspectors or jealous wives – might indulge in similar tactics has sent shivers down the spine of the more discreet Parisian hotels, which have been acting like the most secretive of Swiss banks on the subject all week.

The five-star Westminster hotel, not far from the Ritz in Rue de la Paix, said: "It's absolutely secret. Bills are strictly confidential. All the information is kept on computer and nobody can touch it. The guest would need to fax us and give all the details of their stay."

"It's not very professional of the Ritz," smirked the manager at another rival hotel. "Maybe they should have had to check the information in more detail." He added hastily that he disapproved of the Guardian's action too.

Other hotels were quick to reassure any nervous clients that the records would remain private. The five-star Inter-Continental said: "The accounting department decides. Usually we are not allowed to release bills. We would need to know when you stayed at the hotel and check your address was the same one you gave when you stayed."

The De Crillon, on Place de la Concorde, said: "We don't give out information on bills. If someone asked for a duplicate by phone we would want written confirmation to check room number and the dates of stay to know if it was really the same information that we have."

Perhaps more honestly, the Meurice, opposite the Tuileries Gardens, said: "Bills are personal. We cannot give a copy to anyone. We try to have security but it is difficult. If someone loses their bill and would like a copy we try to investigate but we would also like to help."

Few hotels could offer proof of really tight defences against determined forgery. The chief cashier at the George V Hotel asked simply in response to a request for a duplicate bill for a fax with name, address and date of departure.

Le Warwick, on the Champs Elysées, misunderstood the question posed in English and thought the FT was inquiring about whether the Guardian could be put on to a guest's room bill rather than the bill appearing in the Guardian, said: "We charge the Guardian to the room bill." It then added: "It would not be easy to get a copy of the bill."

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Journalists in Germany called to meeting as officials deny responsibility for disclosures

Ministry acts on industrial data 'leaks'

By Christopher Parkes in Frankfurt

International news agencies have been threatened with severe sanctions if they fail to attend a meeting called by the German economics ministry in a move to staunch the persistent leaking of industrial data into financial markets.

Representatives from 18 agency bureaux in Germany were summoned by letter yesterday to talks at the ministry on November 15.

The aim of the discussions was "to take precautions to ensure that figures are no longer published or passed on to market participants before the embargo", the letter said.

"If you are interested in continuing to receive production and order intake figures before the embargo, I would request the participation of a representative of your agency at the meeting," it concluded.

The summons was faxed yesterday morning in response to a report in the Financial Times that the ministry was investigating leaks of market-sensitive information, which analysts and economists claimed had been going on for months.

The FT report stemmed from a non-German bank's complaint that German bond prices had been affected on Thursday when some traders appeared to have had access before the official publication time to unexpectedly strong industrial orders data.

News agencies compete vigorously to be first on the wires with potentially "market-moving" economic or financial data which is often supplied in advance to allow reports to be written on condition that strict transmission embargoes are observed.

There was no evidence yesterday that this week's orders data had been released prematurely through the normal distribution channels of any agency.

Agency staff said there was no suggestion of sanctions from other official data sources, although the potential commercial consequences of losing privileged early access to economics ministry information were expected to ensure full attendance on November 15. "It's a threat and it's not even thinly-veiled," one correspondent said.

The letter forcefully denied analysts' suggestions, reported in the FT, that the source of the pre-publication information could be the ministry itself. It rejected "any suspicion... that the passing on of figures can be traced to leaks in the ministry".

Mr Franz Wauschkuhn, a ministry spokesman quoted by a German agency as condemning the FT report of possible ministry leaks as "malicious insinuation", could not be reached for comment.

Mr Reinhard Krause, the ministry spokesman who signed the letter, said an investigation carried out yesterday had shown the ministry was not the source.

He also challenged claims that the only information ever leaked came from the economics ministry.

Independent economists, too, pointed out that regional inflation data were routinely transmitted "to any number of banks" in haphazard fashion. "It is about time the Third World standards of German data publication got some attention," one analyst wrote in a note for internal circulation.

INTERNATIONAL NEWS DIGEST

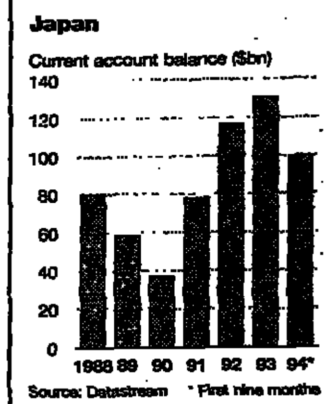
'Cheating' in China ventures

China yesterday accused foreign investors of cheating by overvaluing the worth of machinery and equipment they put into joint ventures instead of cash. The Xinhua news agency said inspectors had, between January 1991 and June this year, discovered discrepancies totalling $500m (£305m) between the stated and actual value of such goods provided by foreign investors. Inspectors checked 4,940 shipments of machinery and equipment and found the actual value was $1.8bn, against a stated value of $2.3bn, it said.

It said one Hong Kong investor provided 15 pieces of equipment to a joint venture in Wuhan, of which two were made in Japan in the 1930s and two made in China in 1969 and 1973, which he said had a total value of $2.12m. But local inspectors found the value to be $20,000.

In the first half of this year, 23 per cent of such equipment officially inspected was found to be over-valued, against 25 per cent in 1993, the agency said. Such equipment accounts for an average of 70 per cent of the value of the foreign contribution to a joint venture, with the figure rising to 90 per cent in some areas, it added. *Reuter, Beijing*

Current account surplus down



Japan's current account surplus fell 9.6 per cent in September from a year earlier, the second consecutive monthly decline in the dollar-denominated surplus. The finance ministry reported yesterday that the seasonally adjusted current account balance for the month was $10.5bn. The country's trade surplus in the same period was $12.1bn, down by 3.9 per cent on a year ago. Exports rose by 8.1 per cent to $32.8bn, while imports were up sharply by 16.6 per cent to $20.7bn. The figures provide further confirmation that the combination of a strong yen and a reviving economy are starting to make small inroads into the country's enormous external surpluses. In the three months to September the current account surplus fell by 6.4 per cent compared with the previous quarter.

In yen terms the surplus has been falling for several months, but until the July-September quarter the dollar-denominated surplus had been rising as the higher yen raised export prices and cut the cost of imports. It now appears that the strengthening currency has begun to be reflected in export and import volumes and, as a result, the surplus is declining in dollar terms.

But the pace of the decline is still painfully slow and is unlikely to take the pressure off the yen, which has reached new highs against the dollar in the last week. *Gerard Baker, Tokyo*

Japanese finance markets plea

Japan's leading banks are urgently pressing the ministry of finance to accelerate the deregulation of the country's financial markets. In a joint submission to the MoF's banking bureau, disclosed in the Japanese press yesterday, the largest commercial banks called on the authorities to enact a list of 80 deregulatory measures soon. Favoured reforms include an extension of the maximum period for certificates of deposit from two to five years and the establishment of a market in five-year government bond futures. Banks also want the MoF to lift restrictions on the opening of new branches and the installation of cash dispensers outside banks, and are urging an expansion of their own highly circumscribed spheres of business activities to include the sale of investment trusts and insurance policies. The MoF is under growing pressure to accelerate the dismantling of the vast structure of regulations that govern financial markets. *Gerard Baker, Tokyo*

Jump in Brazilian inflation

Brazil's inflation rate has risen alarmingly, leading to calls for government action before the country's new currency, the Real, is tainted like its many predecessors by spiralling price rises. The private FIPE institute said yesterday that prices rose 3.17 per cent in October, compared to only 0.82 per cent in September. The acceleration in inflation was blamed on higher rent, food and beverage prices. Inflation is expected to continue at about 3 per cent in November as companies raise prices ahead of Christmas and in response to a drought. Some economists fear that at these levels of inflation, companies and consumers will revert to monthly price rises to keep up, a practice the Real currency was designed to curb. Monthly inflation reached 50 per cent before the Real was launched in July. *Angus Foster, São Paulo*

'Deadlock' over WTO chief

The contest to head the future World Trade Organisation appears to be deadlocked, Mr Kim Chul-su, the South Korean candidate, said yesterday. In Geneva to lobby Gatt ambassadors for his cause, Mr Kim said he did not know how the deadlock would be broken but "I am in this race to the finish". With only a month to go before a formal decision is due to be taken by the 124 members of the General Agreement on Tariffs and Trade, support for the three contenders is split along regional lines. Japan and most of Asia are backing Mr Kim, South Korea's trade and industry minister, while the US and Latin America are firmly behind Mr Carlos Salinas de Gortari, outgoing Mexican president. European support has gone to Mr Renato Ruggiero, a former Italian trade minister. Soundings last month among 80 or so countries showed Mr Kim in third place, slightly behind Mr Salinas, who was trailing Mr Ruggiero. All three candidates are now jostling for support from "non-aligned" regions such as Africa and for "second-preference" votes in the hope of improving their chances as the consensus candidate. *Frances Williams, Geneva*

Call to Clinton on oil tankers

Six US congressmen have appealed to President Bill Clinton to delay the implementation of tough new rules on oil tankers sailing to US ports. The rules, which impose much higher financial liability on tanker owners in the event of an oil spill, could cause serious disruption to American oil imports, the congressmen from both political parties warned. International shipowners' organisations have been lobbying for several months for a change or postponement in the US Coastguard's regulations which take effect on December 28. *Charles Batchelor, London*

Slovakia curbs sell-offs

Slovakia's parliament has voted to cancel all privatisation contracts involving direct sales of shares in state companies to private investors agreed since September 6. The move could herald another round of tit-for-tat investigations of corruption in the country's fragile privatisation drive. It came as Mr Jozef Moravčík, the prime minister, tendered his government's resignation following a general election five weeks ago. He agreed to stay on as caretaker until a new government is formed.

The privatisation vote affects only a relatively few contracts signed during election campaigning, in which the government agreed to sell stakes in state companies directly to mainly local investors. It does not affect a more wide-ranging sell-off involving the use of coupons which Slovak citizens can exchange for Ks60bn (£1.1bn) of shares in other state companies, which is currently being administered. However, observers in Bratislava fear it could start another wave of investigations into political favouritism in privatisation, similar to one carried out by Mr Moravčík's government when it assumed office in March, and cause fresh delays to a programme beset by political controversy. *Vincent Boland, Prague*

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New Delhi bolsters securities watchdog

By Shiraz Sidhva in New Delhi

The Indian government yesterday gave more teeth to the Securities and Exchange Board of India (SEBI), its stock-market watchdog, by announcing regulations intended to provide greater transparency during substantial acquisitions of shares and takeovers.

Under the new rules, any investor holding or acquiring 5 per cent of a company will have to make one-off disclosures to stock exchanges where the shares being purchased are listed. Those with 10 per cent holdings will have to make half-yearly disclosures.

Those intending to acquire 20 per cent of a target company may be required to make a public announcement.

Officials said the regulations would provide trigger points for disclosure, while giving the board more power to supervise takeovers and acquisitions in a newly liberalised economy.

The exchange board was set up in 1992 amid the chaos that followed the multi-million-dollar stock market scandal in Bombay, the country's largest exchange.

Bankers and stockbrokers colluded to use inside information and money illegally diverted from interbank securities to play on Bombay's then overheated stock market. News of the scandal sent share prices diving, and challenged the credibility of Mr P V Narasimha Rao's government.

In the first few months after it was set up, decisions taken by the securities board, such as the introduction of brokers' fees in November 1992, met resentment and countrywide strikes. In March 1993 a row erupted between the Bombay stock exchange and the board over the SEBI's first inspection of stockbrokers' books.

Brokers complained of its heavy handedness, and said it would stifle growth. But the Finance Ministry was determined to make the board more powerful to avoid yet another scandal erupting.

The board proved it had come into its own when it banned the age-old practice of badla, or carry-forward trading on the stock exchange, in 1993. Under the badla system, brokers and buyers could carry outstanding purchases from one settlement period to the next without paying for them in full, and so acquire large volumes of shares with relatively little money.

The informal forward market, which accounted for 70-90 per cent of all transactions before the ban was imposed, allowed for liquidity of cash in the market, with buyers and sellers always able to strike a deal at any price. But the practice encouraged speculation and stunted growth of the Indian stock markets, some of which are older than developed countries' exchanges.

The ban, followed by the appointment of a new chairman, Mr S S Nadkarni, to head the board, paved the way for Indian stock markets to start operating like their international counterparts. While trading began to thin out, with buyers having to pay for shares, speculators who made millions milking the system were weeded out.

Greyhound's buses near end of the road

By Richard Tomkins in New York

Like chewing gum, jeans and Coca-Cola, Greyhound Lines is an American icon. For decades its silver and blue buses have criss-crossed the vast open spaces of the US, linking small towns with the big cities and providing an evocative backdrop to scenes of meeting and parting in countless Hollywood movies.

The buses, however, may not be around much longer. Greyhound is on its knees: on Wednesday a group of disgruntled creditors filed a petition in a Dallas court seeking to force the loss-battered company into bankruptcy.

In one sense Greyhound's troubles are a bit of a puzzle. As the only nationwide provider of long-distance bus services in the US, it enjoys an enviable niche. It serves more than 2,600 destinations with a fleet of 1,987 vehicles, and collected $666m (£406m) in revenues last year.

But Greyhound has been struggling for years. Even bankruptcy would be nothing new to the company: it only emerged from its last reorganisation in October 1991 after spending a year protected from its creditors under Chapter 11 of the federal bankruptcy code.

Born in rural Minnesota 80 years ago, Greyhound had its heyday in the 1940s and 1950s, when it accounted for nearly half the journeys made between US cities. But like bus operators all over the developed world, it began to suffer a decline in patronage as levels of car ownership rose.

Cheap petrol, making car journeys an economical alternative to bus travel, exacerbated its difficulties. But its problems multiplied in 1978 when the US deregulated its airline industry, introducing an era of fare wars between rival airlines on domestic routes and putting air travel within the means of the less well-off.

Under pressure from airline competition, annual passenger mileage slumped from more than 10bn in 1981 to 6bn in 1986. Drivers took a 25 per cent pay cut to help get fares down and keep Greyhound going. But the parent company, since renamed Greyhound Dial, saw no future in the bus business and sold it off to a buy-out team in 1987 for $350m.

The new management turned Greyhound Lines inside out, stripping away layers of management, slashing fares, launching aggressive marketing campaigns and investing heavily in the refurbishment of run-down city centre bus stations. The changes began to pay off, bringing traffic back to 7.5bn passenger miles in 1989. But under continuing pressure to cut costs, the management fell into a wage dispute with its drivers.

The dispute was to turn into one of the bitterest and most violent strikes in US labour history. Although Greyhound kept going, using replacement drivers, many of its buses were shot at. This proved unpopular with passengers, and the resulting decline in traffic took Greyhound into bankruptcy in June 1990.

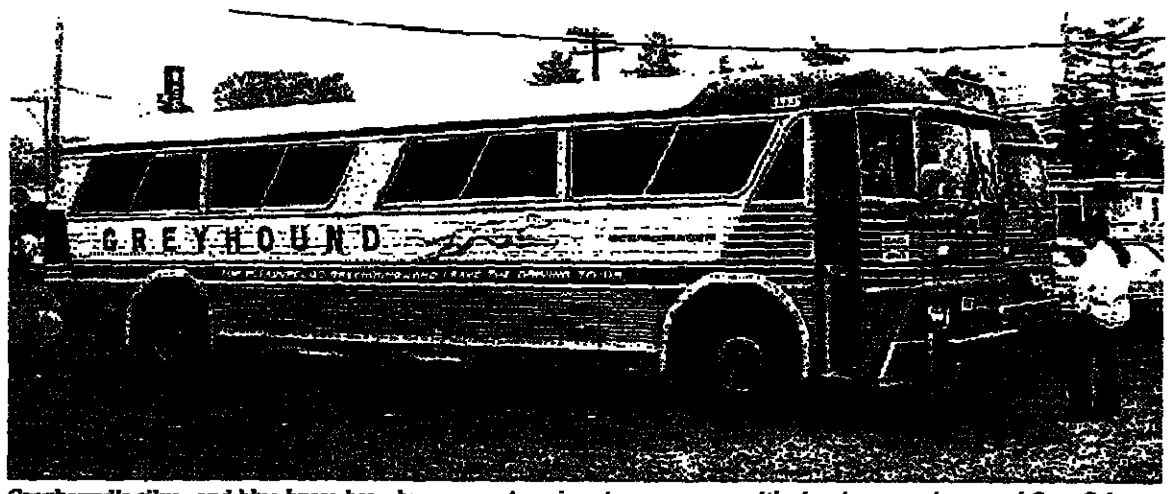
The Greyhound that emerged from Chapter 11 protection in October the following year was leaner and fitter. It even made small profits in 1992 and the first half of 1993. But a fresh bout of fare-cutting by airlines and the disastrous introduction of a computer reservation system that did not work sent Greyhound tumbling into losses again.

Three months ago Greyhound announced plans for a transformation that would end its traditional role as a nationwide long-distance bus operator and turn it into a regional operator of inter-city services on a small number of busy routes in the south, north-east and the industrial mid-west.

But the plan has come too late. The company has run out of cash, and some of its creditors, angered by the terms of a proposed restructuring, are seeking to put it into bankruptcy again rather than swallow what they see as a raw deal.

Would Greyhound be missed? Arguably not. Greyhound has always been best loved by those who do not have to use it: its inner city bus stations are reputed to be among the most dangerous places on earth, the buses themselves make few concessions to comfort, and it is a condition of carriage that you have to endure the life story of the person sitting next to you.

Even so, if it goes, many will feel a piece of America will go with it.



Greyhound's silver and blue buses have become an American icon, on a par with chewing gum, jeans and Coca-Cola

Resolution of HK airport row near

By Simon Holberton in Hong Kong

The end to Hong Kong's protracted dispute with China over the financing of the colony's HK$158bn (£12.6bn) airport project appears in sight after Britain and China signed an agreement yesterday which finally settled the financial structure of the project.

The Hong Kong government was hopeful last night that China would approve the final details of the financial plan, possibly as early as next week. Sir Hamish Macleod, the colony's financial secretary, said he was "enthusiastic" to build on yesterday's agreement in talks which resume on Wednesday.

The dispute over financing surfaced in late 1989 when the Hong Kong government said it would push ahead with the project in an effort to boost confidence in the wake of the Tiananmen Square massacre in Beijing. China, which never recognised the need to boost confidence, objected to the cost of the project from the outset.

Yesterday's accord has cleared the way for the government to approach the Legislative Council for HK$23bn of equity finance for the airport railway. It plans to begin this process next Friday.

However, the agreement fell short of being comprehensive, as China wished to deal separately with two ancillary agreements between the government and the corporations building the airport and the railway. These will allow the Mass Transit Railway Corporation (MTRC) and the soon-to-be incorporated Airport Authority to approach financial markets to borrow up to a further HK$23bn.

According to yesterday's joint statement China understood the importance of these accords, known as financial support agreements, and undertook to give its assent as soon as possible. It was hoped that the MTRC's support agreement could be settled next week.

It is important for the MTRC that an accord is reached soon. It has been largely absent from public bond markets for the past two years.

The long-running dispute over finance has not materially delayed the project. Over the past three years the government has awarded 73 construction contracts worth HK$53bn for works related to the airport and its ancillary projects. In all, 11,000 people are employed by the project.

Sir Hamish said the government would endeavour to complete as much of the airport and its railway as possible before British rule ceased in mid-1997. As part of yesterday's agreement it undertook to review timing and financing of the project with China during the second half of 1996.

Republicans ride the Tennessee bandwagon

US MID-TERM ELECTIONS November 8

Tennessee has been one of the US boom states of the last 15 years, a magnet for Japanese investment and a centre for fast-growing healthcare companies. The unemployment rate is 4.7 per cent and falling. But you would not know it from the mood of many of the state's voters, who are threatening to take out their annoyance on incumbent politicians in Tuesday's elections.

"Incumbents are just not getting the job done," complains Mr Tom Brewer, a Nashville bus driver.

"It's anti-incumbent, anti-Washington, anti-Clinton, anti-Hillary Clinton, frankly... sort of an anti-mood, really," says Mr Will Long, who chairs the local Republican party in the Nashville area.

Anti-incumbency seems to be taking its toll at all levels of government. "We had one sheriff in for 12 years. When he came out he had three or four farms and when he went in he didn't have a thing, so we don't need him any more," says Mr James Gwin, a barber in Camden, just west of the Tennessee river.

But the most prominent victim could be at the top of the ticket: Democratic Senator Jim Sasser.

After 18 years in office, Mr Sasser chairs the Senate budget committee and is widely expected to succeed retiring Senator George Mitchell as leader of the Senate Democratic majority in the next Congress – if the Democrats hold the majority and if he can win re-election against Mr Bill Frist, a heart surgeon and political neophyte.

Both Tennessee's Senate seats are up for election this year, but everyone expected the Republicans to concentrate their efforts and their strongest candidates on the race to fill the remainder of the term arising from Mr Al Gore's switch to vice-president.

Sure enough, Republican Fred Thompson appears to hold a lead over Congressman Jim Cooper, the Democratic candidate. But Mr Frist has surprised most by eating away at Mr Sasser's candidacy, and a Mason-Dixon poll released this week showed him ahead for the first time, by the slender margin of 44 per cent to 42 per cent.

Incumbents are feeling the winds of change, writes George Graham

Like many other states in the south, Tennessee has seen a revival of the Republican party, which since the civil war had been frozen out of political office.

But as the old style right-wing southern Democrat dies off, Republicans have been making inroads, even in county courthouse elections.

"I don't think the label is going to hurt you that bad any more," says Mr Bennie Castleman, who believes he is only the second Republican commissioner elected in the last 100 years in Weakley County, north-west Tennessee.

"The south one day will be Republican, there's no doubt in my mind. When it will be, I don't know."

Tennessee is not a purely southern state. Its eastern counties, and some areas in the west of the state, joined the Union in the civil war and have continued to vote Republican ever since. That offered the Republicans some of their first advances in the south, and in the 1970s Governor Winfield Dunn and both US senators were Republicans.

"Tennessee has been historically Democrat-controlled for so long that the change didn't take, but people are ready for it now and they are organised well," says former Governor Dunn.

"We're a border state and neither party has a clear majority. They vote for the person and that's the way it ought to be," says Governor Ned McWherter, the popular politician who defeated Mr Dunn in 1986 and who is retiring at the end of this year.

Mr Sasser is fighting back with some old-fashioned politics, combining virulent mockery of his opponent with unabashed pork barrel promises. Warning farmers that next year is likely to see an overhaul of agricultural laws, Mr Sasser jeers that "the closest place Dr Frist ever got to a farm is the 18th hole of the Bellevue country club".

And he touts the advantages to the state of having the majority leader, promising that, with his help, a $2.5bn (£1.5bn) wind tunnel that the government plans to build will come to Tullahoma, near Chattanooga.

The mudslinging in the campaign has had its creative side. The Sasser campaign's Hallowe'en party was enlivened by Mr Frist's admission that as a medical student he had adopted cats from the local stray animals' home for his experiments.

All the signs are that Mr Sasser, after a slow start, is now getting into his stride. Heavy participation in early absentee voting – an estimated 12 per cent of registered voters have already cast their ballots in the Nashville area, and in rural Benton county, just west of the Tennessee river, the level is closer to 20 per cent – suggests turnout will be high.

"I think it'll be a big vote statewide, and a big vote means one thing – advantage to the incumbent," says Mr Jerry Phifer, former sheriff of Benton County. But it may be too late to stop a bandwagon that seems likely to carry a lot of southern Republicans into office.

Coleman hardens support in Virginia

By Jurek Martin in Washington

Mr Marshall Coleman, the independent candidate in Virginia who was expected to draw votes away from Mr Oliver North, the Republican, is now inflicting more damage on Senator Charles Robb, the Democratic incumbent, according to two new state polls.

The surveys both had Mr Robb in the lead, but by statistically insignificant margins.

Both found that Mr Coleman, a former Republican lieutenant-governor and, on most issues, an orthodox conservative, was hurting Mr Robb nearly twice as much as he was Mr North. The director of one of the polls said Mr Coleman's support was hardening and his campaign manager even predicted a surprise on Tuesday.

Mr Coleman appears to have scored by emphasising the character defects of both party candidates – Mr North for his involvement in the Iran-Contra affair and Mr Robb for his admitted personal infidelities. But Mr North's adoring hardcore right-wing support, while not constituting a majority, appears solid and may be understated by a few percentage points, whereas the senator's is notoriously soft.

Meanwhile, another keenly watched Senate race – in California between Senator Dianne Feinstein and Republican Congressman Michael Huffington – has taken a new twist following reports that the senator may have hired an illegal immigrant as household help.

Mr Huffington, who has already confessed to the same offence, rushed out a TV commercial claiming Ms Feinstein had "flat out lied" in denying she had done the same. But the Immigration and Naturalisation Service came to her aid by saying the report appeared to be based on a case of mistaken identity.

Nigeria appeal court grants bail to Abiola

By Paul Adams in Lagos

Nigeria's court of appeal yesterday granted unconditional bail to Mr Moshood Abiola, the winner of last year's annulled presidential election, who has been detained by the military regime on charges of treason for declaring himself president in June.

The ruling offers an unexpected release for Mr Abiola until the resumption of a trial which has been stalled since September.

"I am optimistic that he is going to be released and we are expecting him home very soon," his wife, Mrs Kudirat Abiola, said in Lagos yesterday. "The ruling shows that we can still have faith in the judiciary."

Mr Abiola's doctor met officials from Gen Sani Abacha's government in Abuja, where he is being held, to discuss his release, which could allow him to travel to Europe for medical treatment, Mrs Abiola said.

Although the appeal court ruling appears to be a reverse for the government, the decision may provide a convenient way out of political deadlock for both sides.

Since the government saw off a strike by the powerful oil workers' union two months ago, the pro-democracy movement has collapsed, even in Mr Abiola's native south-west, leaving him in jail and without support.

A freed Mr Abiola inside Nigeria would be an embarrassment to the military, but they would be less concerned if he were abroad. According to the Nigerian medical association, Mr Abiola suffers from chronic high blood pressure and has suffered a back injury in jail and needs to be released for treatment.

Moshood Abiola: trial stalled

"His health has been deteriorating. The treatment which he needs is not available in Nigeria," Mrs Abiola said. "He will have to go abroad. We have a list of hospitals in Europe and I am sure that the government will allow him to travel."

In August Mr Abiola refused bail that was offered on condition that he avoided any political activity.

The appeal court did not impose conditions for Mr Abiola's bail but advised him against causing any civil disturbance while on bail.

Japan grapples with law of the gun

A string of violent crimes has shaken citizens, writes Michiyo Nakamoto

Repeated screenings on national news programmes of the blood-stained Aomono Yokocho train station in south Tokyo where Dr Takejiro Okazaki was apparently gunned down by a former patient last week have reminded viewers that Japan may not be as safe as they imagine.

Japan has long prided itself on the safety of its streets and the reliability of its police force, if not to halt crime then at least to contain it in certain neighbourhoods. However, a string of violent crimes against citizens, such as the murder of Dr Okazaki, has shaken confidence in the force's abilities.

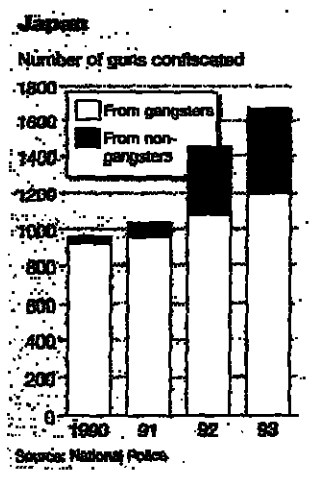
The branch manager of Sumitomo Bank in Nagoya, the president of a video distribution company in Kyoto and the head of a toy company in Tokyo are among a growing list of victims of fatal attacks this year. What has particularly shocked the public is that more crimes are being committed with guns.

The murder of Dr Okazaki sent a strong message to citizens that gun use is more widespread than most had suspected. According to the national police, 1,672 guns were confiscated last year, 73 per cent more than the 963 weapons taken by police three years earlier.

The rising number of gun-related crimes in Japan is widely seen as a consequence of several factors combining to ease access to weapons; the country's growing internationalisation; the ripple effects of the collapse of the former Soviet Union; and the greater pressures Japan's gangsters are feeling in the face of a police crackdown and the burst of the bubble economy.

"The illegal spread of guns is a key result of internationalisation," the National Police Agency recently claimed. One new source of firearms, for example, has been the growing number of ships carrying Russian tourists and businessmen.

Prof Kazuo Shimada, of the sociology department at Kawamura Gakuen Women's University, points out that these ships and others from China and Taiwan are used as a channel for illegal imports, including guns. The arms are believed to be offloaded at sea, rather than after the ship has docked, thus making it difficult for Japanese police to stop the trade.



"Japanese society is feeling the after-effects of the collapse of the former Soviet Union and the end of the cold war," he says. Many of the guns coming into Japan belong to Russian soldiers who no longer had a use for them.

Nevertheless, it is unlikely that such external changes would have opened Japan's doors to so many guns and increased gun-related violence if it were not for the profound social changes taking place within Japan in the aftermath of the rapid economic growth seen in the late 1980s.

The economic slowdown afflicting corporate Japan has hurt the underworld as well. Gangsters, who had mostly confined violent crime to the underworld, are turning to violence against the man in the street and selling firearms to raise cash.

According to the police, the last time there was a surge in gun smuggling was in 1984, when demand soared as two gangs fought for supremacy. But the recent introduction of an anti-gangster law has made it increasingly difficult for criminals to make a living from such traditional sources as prostitution and protection rackets.

Recent murders of company executives and bankers, for example, are widely believed to have been carried out by gangsters unable to extort money from them, as they would have done a few years ago.

Meanwhile, more gangsters are leaving the underworld as existence there becomes less easy. But their attempts to start a new life have triggered violent responses from gangs, Prof Shimada says.

More worrying is the fact that the crime gangs' financial woes are forcing them to sell guns to citizens to make ends meet.

For example, police have arrested a gangster for selling a Russian-made Tokarev pistol and seven bullets for Y1.4m (£8,900) to the man accused of shooting Dr Okazaki. In the past, gangsters would not have sold guns to citizens, Prof Shimada notes.

The number of guns confiscated from non-gangsters increased more than tenfold from 45 in 1990 to 476 last year. In response, the National Police Agency designated October as an anti-gangster and gun control month.

"The two pillars of Japan's gun policy should be to cut off supplies from overseas and eradicate illegal ownership of guns within Japan," the agency says. "Gun control is crucial in securing the safety of this country."

Royal Mail flouts pay freeze with 3.4% offer

By Robert Taylor,
Labour Correspondent

Britain's postal workers have been offered a 2.8 per cent pay rise by the Post Office from November 1 which will rise to 3.4 per cent from January 1 1995 in a clear breach of the government's three-year public-sector pay bill freeze.

The Royal Mail described the deal yesterday as a "reasonable settlement within the government's public-sector pay guidelines". But the proposed wage settlement will add about £61m to the Post Office's current pay bill, a 2.7 per cent increase in a full year.

The Union of Communication Workers is balloting its 160,000 members at the Post Office with a recommendation for them to accept the offer. The Post Office said it was made up of a 2.5 per cent increase on basic rates plus 0.3 per cent for past productivity improvements.

A £1.50 a week supplement is to be consolidated into basic pay from January 1, adding a further 0.6 per cent to earnings. This will mean a total pensionable pay rise of 3.4 per cent for postmen and women.

Mr Alan Johnson, the union's general secretary, said in a letter sent to his union's officers yesterday that the offer was "by far the best negotiated settlement in the public sector" achieved by any group of workers this year and "as far as the Royal Mail deals are concerned, it is the biggest increase over inflation in recent years".

Mr Chris Trinder, head of the independent Public Policy Foundation, said: "It looks as though the government has turned a blind eye to their own pay guidelines in letting this offer through. Ministers appear to have drawn a lesson from the rail signalworkers' dispute and decided not to interfere."

The proposed pay deal does not exclude any further increases that the union UCW might be able to negotiate with the Post Office over productivity improvements in the period to next October, when the current agreement will end.

Mr Johnson has told his officials: "There are no strings or conditions attached and acceptance of this deal will allow both sides to return to the negotiating table to discuss the union's separate claim on hours of work, job security and productivity."

Last week firefighters were awarded a 2.2 per cent pay rise in line with their wage formula, index-linked to the upper quartile of male manual earnings.

The police have received at least 3 per cent under their wage formula while the civil service has had increases of less than 2 per cent. Bank of England staff have secured increases of between 7 per cent and 8 per cent but these have all been self-financing.

MPs split on week's damage to Major

By David Owen

Tory backbenchers were sharply divided yesterday over the impact of this week's Post Office retreat on Mr John Major's personal standing.

Some rightwingers declared openly that the climbdown had further undermined the prime minister's authority.

Others joined the rebels who blocked the privatisation plans in suggesting that ministers could yet turn the situation to the government's advantage. Some MPs felt that Mr Major's handling of the recent sleaze allegations had been much more damaging.

Mr Bill Walker, MP for Tayside North, said the situation after the climbdown was "desperately serious. It is much more serious than just a loss of face – it will affect party morale and party determination".

He added: "It hits right at the heart of what our policy has been in all our years in government. Either we believe in what we do or we don't."

Asked whether he thought the retreat had increased the chance of a challenge to Mr Major's leadership next year Mr Walker said: "It has undermined the prime minister's authority and the authority of the cabinet. That can only lead to demands for change."

Another rightwinger predicted that if the party was still "on the shoots" in six to 10 months backbenchers would start panicking. In such circumstances a new man might "strike a chord" with the public.

Sir Keith Speed, MP for Ashford, who opposed the planned privatisation, said he thought the government could "turn this into a very positive thing indeed". He said: "I don't take the view that this is yet another nail in [Mr Major's] coffin. I don't actually think it weakens him at all".

Mr Richard Shepherd, the Euro-sceptic MP for Aldridge Brownhills, said the prime minister should be "more relaxed" about the climbdown. "I think he can make a virtue of it."

But he said the handling of the recent allegations of ministerial impropriety had prompted "grave doubts" about Mr Major's standing in some parts of the party.

PO management declares battle against status quo

Andrew Adonis talks to the chief executive about his determined drive for change

Mr Bill Cockburn, the Post Office's outspoken chief executive, vowed yesterday to strike hard at the Treasury to gain greater commercial freedom for the Royal Mail in spite of the collapse of plans to privatise the industry at Thursday's cabinet.

"We're fighters not quitters," the ebullient Mr Cockburn said of himself and his senior management. He dismissed out of hand calls for him and to stand down because of the high profile he and Mr Michael Heron, the Post Office's chairman, had taken in Mr Michael Heseltine's campaign to win over Tory backbenchers to the cause of privatisation.

Mr Cockburn is determined to sustain momentum behind the current Post Office review, to gain the Royal Mail greater commercial freedom. He wants in particular to slash the levy – estimated at £213m next year – which the Post Office has to pay the Treasury out of its profits.

Anxious that the status quo should not become the inevitable consequence of continued inertia – as some on the Tory right might like, to prove they were right about privatisation – Mr Cockburn cited the government's July green paper, which came out in support of selling off 51 per cent of the Royal Mail but also listed areas where greater commercial freedom could be given if the Post Office remained in the public sector.

Mr Cockburn said: "We urgently need to squeeze as much juice as we can out of those bits of the green paper, on a case by case basis. Slow decline need not be the consequence of the decision to drop privatisation, but it will be unless we make real headway on this."

With pre-tax profits last year running at £306m, the Treasury levy takes the lion's share of the Post Office's spare cash. The levy has been rising sharply – up from £182m last year to £226m this year.

Mr Cockburn said: "This can't continue. We will be saying to the government: 'If you bleed us white, we will not be able to deliver a first class postal service.' That must mean leaving us with more of our profits to re-invest."

He pointed to a green paper paragraph which states that even if the Post Office remains in the public sector, its existing Treasury levy could be "effectively set as a dividend in relation to prospective profitability". Since the levy is about twice as large as a reasonable dividend payment, that implies a cut of about half for next year, leaving the Post Office with about £100m extra for investment.

Mr Cockburn will have no difficulty spending the extra cash. "We are planning to invest around £350m in the coming year, but to keep our existing service modern – with better sorting facilities and the like – we need to be investing between £80m and £100m more."

Talks with Mr Heseltine and the Treasury start in earnest in the next few weeks. Mr Cockburn will be citing two other suggestions in the green paper:

- That the Post Office could be freed from its overall capital spending limit.
- That the existing efficiency target for Royal Mail could be replaced by a direct control on prices, allowing the business to keep more of the gains from greater efficiency – although in practice price restraints would be bound to follow unexpected efficiency gains.

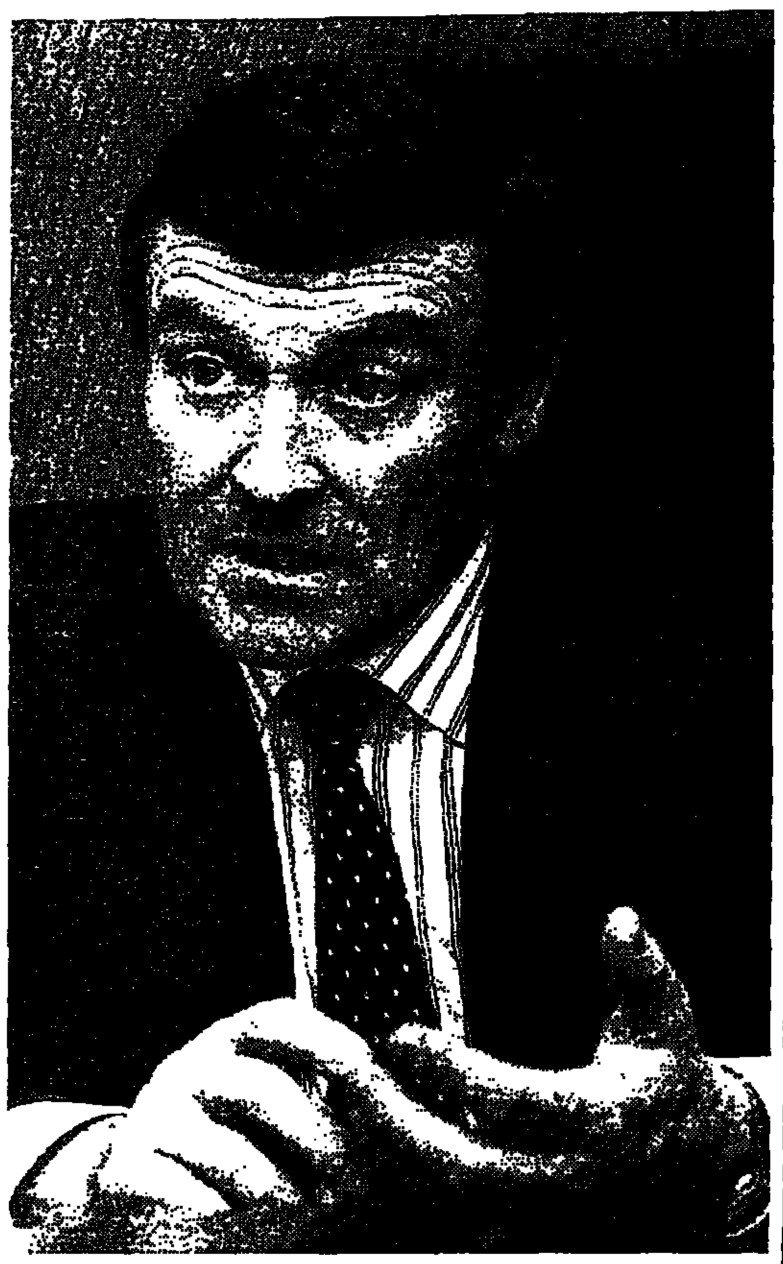
Gaining greater control of money is only one of the changes sought by Mr Cockburn. He sees freedom to engage in joint ventures, and to develop new lines of business, as equally vital.

He said: "We are not saying we want to set up a chain of Royal Mail ice cream shops but we do need to be able to move into other areas of the communications industry, and have to be allowed to make purchases and forge joint ventures, on a case by case basis."

Some of the new activities envisaged by Mr Cockburn are core even to the existing mail business, such as trunk airline distribution systems to deliver international mail more efficiently. Others concern new communications technologies, notably electronic mail and printing systems enabling the Royal Mail to take on combined printing and delivery contracts for the corporate sector.

Mr Cockburn cites the example of Sweden Post, the state-owned Swedish post office, which has bought concerns engaged in the electronic mail field. "We must be able to provide our customers with a one-stop shop service, and be allowed to get into the new communications world."

For Mr Cockburn the progress of British Telecommunications is ever more galling. Barely a week passes without BT, which used to be part of the old Post Office, announcing a joint venture or an international scheme. By contrast the Royal Mail still needs government approval for all investments of more than £20m.



Jeff Jones

Bill Cockburn, the Post Office's chief executive, plans to take on the Treasury

More than one way to skin a public-sector cat

By Kevin Brown
and David Owen

The cabinet's refusal to back Mr Michael Heseltine's plan to sell parts of the Post Office has prompted a widespread view at Westminster that 15 years of Conservative commitment to privatisation are over.

Not everyone agrees. Mr Kenneth Clarke, chancellor, was among the powerful figures arguing yesterday against the view that the government no longer has the stomach to force contentious privatisations through an unwilling parliament.

But others pointed out that the question might not matter. For one thing there is little left to privatise, for another, the government has developed equally powerful and less controversial ways of changing the delivery of services.

Mr Daniel Finkelstein, director of the Social Market Foundation think-tank, said: "The heroic phase of privatisations is over, but a gradualist phase which could ultimately be more radical and have more profound implications has begun. In terms of privatisation policy, power is passing from the Leninists to the Fabians."

Most of the big privatisations have already happened. In 21 major sales, starting with the first tranche of BP shares in 1979, the government has disposed of most of the big public-sector companies and utilities inherited from Labour.

According to the Treasury more than 50 enterprises remain in public ownership. But most are either arms of bureaucracy, such as the Central Office of Information, or scheduled for privatisation, such as British Coal and the railway companies.

Few straightforward businesses remain. The BBC, Channel Four, and a number of local authority airports and transport companies could eventually be candidates for privatisation.

But ministers have for several years been moving towards a successor policy to old-style privatisation, based on introducing competition to services which continue to be provided by the public sector. There are three main elements:

- Agencies. At the last count 99 agencies covering 350,000 civil servants had been set up under the Next Steps programme, launched by Baroness Thatcher in 1988. They range from the social security benefits agency, with 65,000 staff, to the Wilton Park conference centre in Sussex, which employs 30.

The agencies cover activities as diverse as weather forecasting, issuing passports, and support services for the armed forces. Ministers have identified a further 67 candidates for agency status, covering another 96,000 civil servants.

- Contracting out. Under the market testing programme a range of government activities are put out to competitive tender. Public-sector units are allowed to compete, but often lose to more street-wise private companies.

The government's latest market testing bulletin, aimed at potential private-sector bidders, lists 59 contracts awarded by tender, ranging from payroll services for the Overseas Development Administration to computer maintenance for the recruitment and assesment services unit.

A further 72 contracts are being advertised, and ministers have set out a future programme covering activities as diverse as the agriculture ministry's reprographic services and the Queen's Flight.

- Private finance initiative. Launched by Mr Norman Lamont, the former chancellor, the initiative has attracted only £500m of private capital into public projects since 1992, mainly because of uncertainty about rates of return.

But there is mounting feeling in Whitehall that the scheme is gathering momentum. A £150m computer system to hold records on National Insurance contributors will be the first project of its kind to be funded through the initiative.

Hurd attacks media 'culture of criticism'

By Kevin Brown,
Political Correspondent

Mr Douglas Hurd, the foreign secretary, yesterday launched an outspoken attack on declining standards in the media as the government sought to fight back against allegations of impropriety swirling around Conservative MPs.

Mr Hurd, the cabinet's elder statesman, threw his weight solidly behind Mr Jonathan Aitken, the embattled chief secretary to the Treasury, warning that media standards were slipping fast.

His comments coincided with a tough statement from the Association of British Editors complaining of "threats and increasingly intemperate attacks" by ministers.

The association, which represents national and regional newspapers and magazines, called on editors to continue to throw more light on the workings of the government.

Speaking to Conservatives in Perth, Mr Hurd accused journalists of hunting in packs and developing a "culture of criticism" in which achievements were unsung or distorted.

Arguing that the media was the British institution that had "deteriorated fastest" in recent years, he said there was "too little independent judgment, too little objective description".

In a direct reference to the methods used by The Guardian to uncover details of Mr Aitken's stay at the Ritz hotel in Paris, owned by Mr Mohamad Fayed, he asked: "Is it a brave defence of our liberties for an editor to authorise the faking of a House of Commons crest through a fax machine? Is it a fearless blow for truth when a journalist forges the signature of a civil servant to get what he wants?"

Mr Hurd's robust condemnation of media standards underlines concern among senior ministers about the impact of the stream of sleaze allegations on the government's standing.

Mr Hurd warned MPs to remain "above approach," and conceded that the government would have to join the debate initiated by the Nolan committee on standards of behaviour in public life.

"Personally I have no difficulty with the idea that MPs should be part-time farmers, lawyers or businessmen. It enriches the contribution which the MP makes," he said.

"But his prime responsbility must be to represent his own convictions in the interests of his constituents, not to act on the interests of those who pay him an additional, extra-Parliamentary, salary. We in public life must be, and be seen to be, above reproach."

UK NEW CAR REGISTRATIONS – JANUARY-OCTOBER 1994

	October 1994			Oct' 93	January-October 1994			Jan-Oct' 93
	Volume	Change%	Share%	Share%	Volume	Change%	Share%	Share%
Total market	122,526	-3.0	100.0	100.0	1,710,842	+8.5	100.0	100.0
UK produced	52,968	-6.5	43.2	44.9	729,031	+4.1	42.6	44.4
Imports	69,558	-0.1	56.8	55.1	981,811	+12.0	57.4	55.6
Japanese makes	14,309	-7.9	11.7	12.3	206,111	+2.9	12.0	12.7
Fleet/Business#	65,931	+5.7	53.8	49.4	853,725	+15.6	49.9	46.8
Private##	56,595	-11.5	46.2	50.6	857,117	+2.2	50.1	53.2
Ford group	27,478	+0.1	22.5	21.7	381,272	+9.9	22.3	22.1
– Ford	26,808	-1.0	21.9	21.4	375,541	+10.0	22.0	21.7
– Jaguar	668	+84.0	0.6	0.3	5,731	+2.7	0.3	0.4
General Motors	21,534	-9.0	17.6	18.7	285,338	+3.9	16.7	17.4
– Vauxhall	20,973	-8.8	17.1	18.2	276,774	+3.9	16.2	16.9
– Saab*	561	-16.5	0.5	0.5	8,564	+4.8	0.5	0.5
BMW group	18,914	-7.6	15.4	16.2	254,680	+4.3	14.9	15.5
– Rover**	16,043	-3.6	13.1	13.2	213,006	+2.5	12.5	13.2
– BMW	2,871	-24.7	2.3	3.0	41,674	+14.0	2.4	2.3
Peugeot group	13,897	-13.1	11.4	12.7	211,367	+6.4	12.3	12.6
– Peugeot	9,553	-9.0	7.8	8.3	134,041	+6.4	7.8	8.0
– Citroen	4,344	-20.9	3.6	4.4	77,326	+6.5	4.5	4.6
Volkswagen group	7,195	+19.3	5.9	4.7	110,932	+23.3	6.4	5.7
– Volkswagen	4,767	+36.7	3.9	2.8	67,417	+18.5	3.9	3.6
– Audi	1,187	-17.7	1.0	1.1	21,011	+18.4	1.2	1.1
– SEAT	623	+11.4	0.5	0.4	11,725	+48.3	0.7	0.5
– Skoda†	618	+14.0	0.5	0.4	10,779	+45.1	0.6	0.5
Renault	8,149	+16.7	6.7	5.5	101,501	+19.7	5.9	5.4
Nissan	4,084	-40.4	3.3	5.4	81,268	+4.1	4.8	5.0
Fiat group††	4,117	+23.7	3.4	2.6	53,838	+30.4	3.2	2.6
– Fiat	4,003	+28.1	3.3	2.5	52,239	+34.6	3.1	2.5
– Alfa Romeo	113	-34.7	0.1	0.1	1,424	-27.2	0.1	0.1
Toyota	4,238	+75.0	3.5	1.9	46,188	-3.3	2.7	3.0
Volvo	2,193	-1.7	1.8	1.8	37,827	-1.7	2.2	2.4
Honda	2,807	+7.4	2.3	2.1	34,555	+38.3	2.0	1.7
Mercedes-Benz	2,096	-3.0	1.7	1.7	26,547	+46.3	1.6	1.2
Mazda	1,181	-11.8	1.0	1.1	15,242	-2.2	0.9	1.0

*GM holds 50% of Saab Automobile and has management control. **Includes Range Rover/Discovery †VW holds 31% of Skoda and has management control. ††Includes residual Lancia registrations. #Purchases by companies. ##Purchases by private buyers. Source: Society of Motor Manufacturers and Traders

Rover to boost parts purchasing

By Kevin Done,
Motor Industry Correspondent

Rover Group, the leading UK carmaker, is to increase the value of its components purchases by £500m or 18 per cent next year to £3.25bn, Mr John Towers, chief executive, said yesterday.

The group, a subsidiary of BMW of Germany, is expected to raise production significantly next year as a result of rising sales and several new model launches.

UK suppliers will benefit most, as they account for about 80 per cent of Rover's components purchases, which will total £2.75bn this year.

Last month the company said that it was creating 1,450 jobs at its British plants in response to rising sales, in particular in export markets.

Next year it will launch replacements for its 200/400 range as well as a new range of MG sportscars as part of its five-year £1.5bn investment programme.

Rover increased production 16 per cent in the first nine months this year to 355,860 from 306,198 in the same period a year ago.

Output for the full year is expected to rise to about 492,000 from 430,200 last year. Mr Towers forecast recently that production would rise significantly above 500,000 next year.

Rover is continuing to rationalise its supplier base. It has already reduced the number from about 2,000 in 1989 to 700.

About 360 core suppliers account for 75 per cent of Rover's purchases. The company said yesterday that it was seeking to reduce the number of its suppliers to 360 in the next three years.

NUT seeks talks to avoid continued tests boycott

By John Authers

The National Union of Teachers said yesterday that it would continue its boycott of national curriculum tests in England and Wales for a third year.

Mr Doug McAvoy, general secretary, said a survey revealed strong opposition to the measures announced in September by Mrs Gillian Shephard, the education secretary. But he asked for talks with Mrs Shephard to avert a boycott.

All three of the main teachers' unions refused to oversee tests for 14-year-olds when they were introduced in 1993. The NUT was the only union to continue its action earlier this year.

The survey, which covered NUT members in schools which must administer the tests, found that 84.4 per cent of respondents disagreed with Mrs Shephard's claim that the tests would "reinforce teachers' professionalism".

More than 90 per cent rejected her package of improvements, which included allowing for tests to be administered by external markers, saying it had not met their central concerns.

The NUT found strong opposition to the use of test results for publishing "league tables" of schools' performance. Turn-outs among members affected was 25.4 per cent.

Mr McAvoy made it clear that he hoped to end the boycott after talking to Mrs Shephard. He said: "She has a political imperative and we have an educational imperative. It might be possible to get the two together."

Other teachers' unions doubted whether the NUT's stance could withstand a legal challenge.

The Association of Teachers and Lecturers will next week advise its members that they can continue to boycott statutory assessments linked to the curriculum only if they create "unreasonable" workloads.

It advised teachers that this would increase the risk of action from employers, including withholding salaries. It wants members to administer the tests and report their results, and says boycotting them for educational reasons alone would be illegal.

Franchise plan for BBC proposed

The BBC should franchise future commercial activities to a private-sector operator, the Independent Television Commission, the television watchdog, said yesterday in its response to the government's white paper on the BBC's future, Diane Summers writes.

The ITC said it believed that the BBC, as a publicly-funded broadcaster, was "not in a position to balance successfully the mixed cultures of public service broadcasting and commercial business enterprise".

The BBC should concentrate on providing public service radio and television, financed by the licence fee, to UK audiences.

Rise in starts on new homes

Builders started work on 12.5 per cent more new homes in the first nine months of this year than in the same period last year, figures published yesterday by the Department of the Environment show.

Work started on 123,100 homes in the first nine months. A total of 51,800 homes were started in the three months to the end of September, a 13 per cent rise from the same period last year and a seasonally adjusted 1 per cent rise on the previous three months.

- Estate agents reported falling business in October, for the second month running, the National Association of Estate Agents said yesterday. Nearly 60 per cent of agents reported a fall.

Increase in corporate failures

Corporate failures rose for the first time in two years in the third quarter of the year, figures from the British Chambers of Commerce show.

The figures, based on Department of Trade and Industry insolvency service returns, show that company collapses in England and Wales were a seasonally adjusted 4,450 between July and September.

The number of failures was 4 per cent higher than for the previous quarter but 13 per cent down from the same period last year. The number of individuals going bankrupt fell 1 per cent quarter-on-quarter to 7,919.

Disabled to get health-care cash

Tens of thousands of disabled people living in the community will soon be given cash payments to buy the care they need, Mrs Virginia Bottomley, the health secretary said yesterday.

Until now the government has insisted that help should be provided through social services.

Mrs Bottomley told the conference of the Association of Directors of Social Services: "Direct payments fit in well with our general philosophy of increasing choice."

Threat of Lloyd's challenge grows

The possibility increased yesterday that Lloyd's of London will face a legal challenge to its plans for ensuring damages won in court by lossmaking Names – individuals whose capital backs the insurance market – are used to settle their outstanding debts.

The Association of Lloyd's Members said it had received legal advice that planned changes to Lloyd's rules on debt recovery may be beyond its legal powers.

North Sea oil platform evacuated

A minor fire in a gas turbine caused the evacuation of the Claymore oil platform in the North Sea on Thursday night.

The incident at the platform, operated by Elf Enterprise, temporarily halted the flow of 120,000 barrels a day of oil from five other fields which send oil via Claymore.

Fresh blow dealt to live animal trade

By Deborah Hargreaves

Brittany Ferries yesterday dealt a blow to Britain's £200m live animal trade when it cut off the last regular export outlet by imposing a ban on virtually all shipments from midnight tonight.

The company joined other ferry operators in halting live exports after uncovering "flagrant breaches" by livestock hauliers of its code of conduct.

Sir David Naish, president of the National Farmers' Union, will meet Mr William Waldegrave, agriculture minister, early next week to press for new laws to crack down on cowboy operators, which he claims are ruining the business for other farmers.

Brittany Ferries stopped carrying animals destined for immediate slaughter in August after public outcry over the way animals are treated in transit, but it continued to carry livestock for further fattening before slaughter on the Continent.

The company imposed its own code of conduct on operators, forcing them to restrict deliveries to Brittany, Normandy and the Loire Valley to minimise discomfort to the animals. It said yesterday that spot checks showed the code had been "cynically disregarded", with some animals transported as far as Spain.

Mr Ian Carruthers, Brittany Ferries' managing director, said: "I am saddened and shocked by the total disregard the majority of livestock exporters have shown for the code. Basically they have misled us about the end destination of the animals in their care."

The ferry company's decision to ban all live shipments – except of breeding stock and competition horses – cuts off another route to the lucrative live export trade.

A chartered ship carried 3,000 live lambs from Grimsby to Calais earlier this week and several planeloads of calves have been flown out. But farmers' leaders say this is a drop in the ocean for a business which exported 2m lambs and 500,000 calves last year – 20 per cent of British meat exports.

Mr Richard Beale, chairman of the Association of Livestock Exporters, said: "It's a pantomime. I fear some of the business has been pushed underground with people slipping stuff out of ports away from the public gaze."

The Royal Society for the Protection of Animals yesterday welcomed the ban and said it would be writing to Mr Waldegrave to urge him to toughen British welfare standards and impose an eight-hour maximum journey time. European Union agriculture ministers last week failed to agree on a journey limit of 15 hours.

Turning the tide for Tyneside jobs

Chris Tighe on the area's employment prospects after the death of traditional industry

Interconnection Systems, one of Tyneside's successful businesses, keeps a list of people wanting to join the company. The list has more than 1,000 names.

The company, Europe's biggest producer of printed circuit boards, is an interface between the old and new Tynesides. Based in South Tyneside – Britain's highest unemployment travel-to-work area with nearly one man in four jobless – it has been recruiting men from Tyneside's last, now closed, coal mine and its last, dying, shipbuilder to join a workforce of 850.

Among the lucky ones is Mr George Cook from Jarrow, a former Swan Hunter boilermaker. Mr Cook is delighted with his new job after 19 years in shipbuilding – the production-line work is clean and his weekly flat wage for a permanent night shift is £250 gross, £31 more than at Swans.

But, he says, some former Swans recruits at the company would return to shipbuilding tomorrow for the companionship it offered.p Tyneside's traditional industries also once offered regular wages for men, a sense of identity and a formidable world role.

David Dougan wrote in his History of North East Shipbuilding: "The labour flowed in and the work flowed out and the north-east became just about the richest part of the richest country in the world." The problem for Tyneside is that this description was of the last quarter of the 19th century.

Between 1970 and 1990 Tyne and Wear, a county with a labour force of 523,000, lost 100,000 manufacturing jobs – half the total – and 25,000, of its primary jobs – two-thirds – mostly in mining and energy. It gained 50,000 service sector jobs. Today, its proportion of manufacturing employment is slightly below the national average.

Mike Scott

Sent packing: Job losses at Swan Hunter have compounded worrying trends in Tyne and Wear

According to a recent Tyne and Wear Research and Intelligence Unit report mid-1990s prospects for the county's manufacturing sector, underpinned by a growing motor industry centred on Nissan's £900m Sunderland plant, look good. But it warns of "much more problematical" prospects beyond then and predicts some decline in manufacturing employment due to strong productivity growth.

Inward investment has been vital in diversifying the local economy and offsetting the decline of traditional industries. Indigenous Tyne and Wear companies are also strong performers in world export markets.

Yet in spite of decades of effort Tyne and Wear still has the fourth highest county unemployment rate in mainland Britain with 65,413 people – 12 per cent – unemployed.

The loss of Swan Hunter and probably of shipbuilding compounds other worrying trends.

Other cornerstones of the Tyneside economy – turbine generator maker Parsons; tank builder Vickers, Northern Electric and British Gas – have all recently announced significant redundancies.

Professor John Goddard, head of Newcastle University's Centre for Urban and Regional Development Studies, said: "What is particularly worrying about the present time is that the job losses are in the managerial, professional, R & D area."

In a region already deficient in substantial locally controlled companies, Newcastle, the north-east's capital, has also suffered a spate of losses of regional offices to the Leeds area.

Prof Goddard said big companies and decision-makers in a local economy were vital to the success of small and medium-sized enterprises (SMEs).

Tyne and Wear is also having to fight to improve low levels of entrepreneurship and low post-16 rates of staying in education – both legacies of its heavy-industrial past.

Mr Ian Taylor, Tyne and Wear sponsor minister, estimates the number of new jobs created locally by SMEs, high technology companies and inward investors is equalling the losses in long-established companies, but he adds: "They aren't equal in terms of job function."

For many former Swans employees this means that they are job-hunting house husbands while their wives go out to work.

"It's total role reversal," says 38-year-old Mr Graham Gibson, whose typist wife works a six-day week in two jobs. A former blacksmith who worked his way up to an operations control job at Swans, Mr Gibson was made redundant after receivership.

He tries to maintain his morale while seeking full-time work – 50p saunas for the jobless and spending more time with his children have been the pluses of being out of work.

And he is now a better qualified unemployment statistic, thanks to a college computer course. "I can do CVs for other lads now on my word processor," he said.

Tory car-boot gift for Labour

By Peter Marsh

Conservative officials in Lancashire face possible prosecution under data protection legislation after confidential files about company donations found their way to a car-boot sale and ended up in the hands of the Labour party.

The episode has embarrassed the party locally and put a question mark over efforts by Conservative Central Office to ensure local constituency associations take proper measures to safeguard computer data.

The early Christmas present to Labour is believed to have come about after a personal computer was discarded from the Ormskirk offices of the West Lancashire Conservative Association in a spring-clean after the 1992 general election. The computer ended up in a car-boot sale where it was bought for £20 by an electronics enthusiast.

He discovered that software in the computer contained details of cash gifts to the Tories from local companies, with canvassing returns related to the political opinions of the 70,000 people on the electoral register in the West Lancashire constituency.

Mr Barry Gannaway-Jones, vice-president of the West Lancashire Conservative Association, said: "I am very annoyed. I want to find out exactly who was responsible."

Mr Frank McKenna, the Labour agent for the constituency, said: "This seems to be a cock-up of the highest level. I'm particularly interested in the data about company donations and hope I will get to see the information in the near future."

Lancashire police said yesterday they would be passing a file on the issue to the Office of the Data Protection Registrar, which is empowered under the 1984 Data Protection Act to take action against groups who fail to take proper care of confidential computer data.

Building societies to snub government over accountability

By Alison Smith

Building societies are to snub the government by resisting key suggestions put forward in a Treasury consultation paper for making them more accountable to the millions of customers who own them.

The paper marked the second stage of a government review of societies' powers which has been undertaken as part of the deregulation initiative. A draft response to the Treasury will be discussed at a meeting of the council of the Building Societies Association on Thursday. It says there is no shortfall in the arrangements for societies to be responsible to their members.

In particular it rejects the ideas of making societies more accountable through setting up consultative committees of members or requiring societies to reserve some board places for candidates nominated by "ordinary members".

It broadly supports proposals for streamlining the limits on societies' powers and relaxing the regulatory controls under which they operate.

If ministers accept the association's argument that societies should have greater freedom without significant changes in accountability, the Treasury will be open to criticism for giving them an unfair advantage in the retail financial services sector.

As mutual institutions societies are owned by members rather than being responsible to shareholders.

Alternatively, the response will set societies on course for a clash with the government if ministers insist that they must be made more effectively accountable in return for greater flexibility.

The association's paper does make some small gestures towards greater accountability, for example by saying that more efforts should be made to give members clear and easily comprehensible information about their rights.

It rejects suggestions – originally brought forward as another deregulatory initiative – to reduce the amount of information societies have to send out to their members, such as the summary financial statement.

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Definitely not post haste

Privatisation is a great British product that has always sold better overseas than at home. While the policy was widely regarded as the pure essence of Thatcherism, Lord Lawson, the former chancellor, records in his memoirs that the lady herself was suspicious of it at first and feared that it would alienate floating voters. As for the word, she hated it; but nobody could come up with a mellifluous alternative. Public opinion, adds Lawson, was invariably hostile before every big privatisation.

This puts the decision by Mr Major's government to abandon Post Office privatisation in context. It was clearly the narrowness of the Conservative majority rather than the intrinsic flaws of the proposal itself that put an end to this central piece of the government's legislative programme. Change is invariably painful. The conclusion of the Cold War may finally have done for state ownership as a respectable means of conducting big business, but privatisation retains its capacity to alienate and upset.

As policy nostrums go, this one was always likely to become less effective over time because its scope is, by definition, finite. The state cannot transfer more to the private sector than it already owns. And by the last election about two-thirds of the formerly state-owned industries in Britain had been transferred to the private sector.

In contrast deregulation will have an infinite policy shelf life if the volume of legislation continues to be used by politicians as a yardstick by which to measure their own achievement. There is thus a certain logic – though no historical inevitability – in the fact that the Deregulation and Contracting Out Act has usurped Post Office privatisation as the government's not-so-Big Idea for the next session of parliament.

That is not to say that privatisation has no remaining fans. Executives of the residual state-owned industries yearn for the excuse that privatisation provides to lay a hand on remuneration packages to rival those enjoyed by the potentates of the water industry. Ministers can plop comfortably into the boardrooms of the enterprises they liberated from the Whitehall yoke.

Productivity gains

Nor is it the case that privatisation has nothing left to offer. Its achievements, though frequently misunderstood, are real enough. Yet paradoxically the most impressive productivity gains in privatised companies like British Steel and British Airways took place when the companies were still in the public sector. That tells us that the switch in ownership is not necessarily the key to improved performance. It is simply that important changes in industrial structure have been easier to bring about via a prospective or actual change of ownership; and the biggest successes of privatisation have come from the introduction of competition into hitherto protected markets, such as telecommunications.

This is what makes the policy so popular with governments overseas. Infrastructure, whether roads, ports, railways or telecoms, are central to most economies and frequently run very inefficiently by the state. Removing the state's monopoly in the course of the privatisation process can create huge welfare gains, while the fiscal burden is simultaneously reduced.

Price reductions

If privatisation has not been a roaring popular success in the UK it is probably because the initial gainers, especially in the utility sector, have tended to be shareholders, rather than consumers. The scope for efficiency improvements and thus for price reductions was underestimated in the early stages of the process. In the case of the water companies, the need for substantially increased investment has resulted in big price rises.

Elsewhere it is the shareholders who have been less fortunate. In Japan, those who subscribed for shares in the NTT telecom float lost fortunes, since the Ministry of Finance sought to wring the maximum proceeds from the sale as the stock market bubble of the late 1980s neared its peak. It is small wonder that the recent Japanese tobacco privatisation flopped.

Even in the UK, where shareholders have been better treated, the government's subsidiary objective of popular capitalism has not been achieved. Private shareholders have tended to cash in their profits and sell to the big investment institutions.

Privatisation has nonetheless become a lucrative source of invisible earnings for the UK, as the acquired expertise has been sold to foreign countries. Even the continental Europeans are adopting the practice, if in doctored form, with cross-shareholdings, restricted voting and other devices to pre-empt the discipline of takeovers. As for the discipline of bankruptcy, it remains to be seen how real it is. A government that flunks the Post Office test might balkat putting British Steel into receivership – especially if bankruptcy was the result of subsidised competition from unprivatised foreign firms. Past experience suggests that when governments confront politically-sensitive bankruptcies, a too-big-to-fail doctrine can triumph.

Though the UK chancellor has little room for manoeuvre he still wants to unveil a Budget to remember, says Peter Norman

Goodies for a big feast

Old Treasury hands are beginning to wonder what is wrong. With this year's UK Budget less than four weeks away, an eerie silence is surrounding their massive Edwardian pile overlooking Parliament Square.

The customary fevered speculation about imminent fiscal change has been absent this year. The activity of lobbyists has been restrained.

If Mr Kenneth Clarke's second Budget is creeping up on the nation in carpet slippers, the reasons are clear. The chancellor has himself destroyed one potentially big story by insisting that tax cuts are not on the agenda. The government already has a multi-year deficit reduction programme in place following its two Budgets of 1993. Midway between elections is rarely the time for fiscal sensations.

Professor Wynne Godley, one of the Treasury's panel of independent forecasters or "wise men", has argued that in terms of macro-economic policy the right course for the immediate future "is to do nothing at all".

But Mr Clarke cannot stand up on November 29 and stay silent. More than ever, after last year's unification of the old spring revenue-raising budget with the Autumn Statement detailing future government spending, the Budget is the chancellor's great set-piece occasion in which he explains the government's financial and economic policies to the parliament and nation.

In spite of the calm, much may be riding on this year's Budget. It could give the government a chance to put behind it recent mishaps such as the climb-down on Post Office privatisation and allegations of sleaze. Mid-term Budgets may not feature much in history books, but they often set the tone of policy in the approach to the next general election. Mr Clarke's performance could have important repercussions in the middle ground of politics, where the government has to meet the challenge from Mr Tony Blair's new model Labour Party.

There are a host of nitty-gritty tax and spending matters that the government must tackle every year. But this year's Budget may be more interesting for the way it addresses broad social issues, such as unemployment and the changing world of work. Although Mr Clarke has established his credentials as a prudent and decisive chancellor since moving into Number 11 Downing Street in May 1993, he has a much wider range of political interests than his Tory predecessors in the job since 1979. Issues such as tax reform have less appeal for him than trying to ensure that Britain's voters feel prosperous.

Perhaps reflecting these priorities, Mr Clarke has appeared less than obsessed with preparations for this Budget. It is difficult to imagine Lord Lawson or Mr Norman Lamont cancelling preparatory discussions with ministers and senior Treasury officials at the chancellor's country residence in Dorneywood to fly to a meeting of European Union finance ministers to settle a row over Italian milk quotas as did Mr Clarke last month.

The Treasury too has had other things on its mind. Its internal reorganisation, unveiled last month, absorbed a great deal of senior mandarins' time. But there is no sign of the Budget falling behind schedule. Remarkably, given the controversies surrounding Mr Jonathan Aitken, the chief secretary, the cabinet is scheduled to meet next Tuesday to try and finalise the spending side of the Budget.

One reason why the Budget appears to be clicking into place is that it has long been reasonably clear what the government has to do on both the taxation and spending sides.

Mr Clarke has insisted that talk of tax cuts is "hopelessly premature" as long as the government is running a large deficit. Even if the public sector borrowing requirement can be cut in 1995-96 to £25bn – the average expectation of the Treasury's wise men this week – the deficit would be more than 3 per cent of gross domestic product and so outside the Maastricht definition of a prudent fiscal stance.

Conversely, it is fair to assume that the chancellor is being advised against raising taxes further. There are still those inside the Treasury who worry that past tax increases and those in prospect could bring recovery grinding to a halt. They will have drawn comfort from this week's report from the Treasury's panel of wise men which advocated a neutral Budget, in which existing tax plans would go ahead and that any further changes should have only a marginal effect.

The scale of the tax increases in the pipeline is impressive. According to the independent Institute for Fiscal Studies (IFS), the two budgets in 1993 tightened fiscal policy by 3 per cent of gross domestic product per year until spring 1997.

The present chancellor's first Budget last November is due to increase taxes in 1995-96 by nearly £5bn on top of increased charges that were announced in Mr Lamont's March 1993 Budget. Thus, a married couple with a mortgage will lose up to £3.95 a week from next April because of new restrictions in the married couples' income tax allowance and mortgage interest relief. These measures will yield £830m and £900m respectively for the government.

Road fuel duties are due to rise by an average of at least 5 per cent a year in real terms for environmental reasons. This move is due to add £710m to government revenues this year and will yield an extra £1.1bn in 1995-96.

In spite of his liking for cigars, Mr Clarke has committed the government to increasing tobacco duties by 3 per cent a year in real terms in future Budgets. This measure to curb smoking will lift government revenues by £590m in 1995-96 after garnering an extra £375m in the current financial year.

The insurance premium tax and air passenger duties, introduced this autumn, will provide extra revenues of more than £1.1bn in their first full financial year in 1995-96. Also next year, the March 1993 decision to levy value added tax on fuel and power will have its full impact. The rate is set to rise to 17.5 per cent in April from 8 per cent at present, lifting revenues from this source to an estimated £2.3bn in 1995-96 from £950m in 1994-95.

On the spending side of the Budget, Mr Clarke has to cut existing spending totals if he is to maintain the credibility of the government's deficit reduction programme.

Last November's Budget forecast that underlying inflation – the year-on-year rise in retail prices excluding mortgage interest payments – would be 3¼ per cent in the current quarter. Instead, it fell to a 27-year low of 2 per cent in September and has been below 3 per cent for 12 months.

Issues such as tax reform have less appeal to Mr Clarke than trying to ensure British voters feel prosperous

This means that the "control totals" for overall departmental spending in the current and subsequent financial years will have to be revised downwards. Otherwise expenditure will rise in real terms and the Budget will not qualify as "neutral" in the sense employed by the wise men.

Mr Clarke has always maintained that the control totals of £251.3bn for this financial year, £263bn for 1995-96 and £272.3bn will be tough to meet. But the IFS, in collaboration with Goldman Sachs, the US-owned investment bank, has calculated that the 1994-95 control total should be trimmed to £247.6bn to be consistent with unchanged real spending plans. That for 1995-96 should be cut by £5bn to £258bn. General government expenditure, which includes elements of social security expenditure that are affected by the business cycle, should fall more sharply than the control totals given the strength of Britain's economic recovery.

Mr Clarke, unlike some of his colleagues, is not hostile to government spending and is a keen supporter of what he calls the UK's "great public services". But there are powerful arguments for his at least holding spending plans unchanged in real terms to avoid a loss of credibility on the financial markets that could trigger a rise in long-term interest rates.

But the constraints imposed by the bond markets, Mr Clarke's self-denying ordinance on tax cuts and the need to cut nominal public spending totals should not condemn the chancellor to inactivity. This Budget gives him the opportunity to reinforce the recovery and attempt to rebuild some of the feel-good factor that has been absent since the recession of the early 1990s.

If there has been a consistent theme since Mr Clarke became chancellor, it is that he is in the business of fashioning a recovery that will last and avoid the boom and bust excesses of past UK upturns.

This has been coupled with an awareness that ordinary people from backgrounds similar to his own are deeply disturbed by the pace of change in the global economy. The old certainties such as steady employment and a job for life no longer exist.

Earlier this year, Mr Clarke delivered the annual Mais lecture to London's City University Business School. In that, he outlined two areas where the government needed to make "much more progress over the next few years" beyond its existing policy of creating a more flexible labour market.

These were overcoming the fear of change caused by rapid developments in the market for jobs and "ensuring that the growth of prosperity is extended to all, by bringing the disadvantaged into the mainstream of economic life". Could this lecture have provided a foretaste in this year's Budget? It is possible.

After all, Mr Clarke declared that unemployment must be "the main pre-occupation of economic policy makers in the 1990s". He emphasised the need to raise the standards of general education in Britain – a task that he described as "the biggest supply-side challenge facing the British government".

He underlined the growing importance of small businesses as creators of jobs. He extolled the virtues of a strong welfare state in giving a sense of security to workers in a fast-changing world. He made clear that the government was seeking to correct the way in which the welfare system distorts work incentives for the low-paid, and said he was looking at ways to ensure that the welfare system encourages the unemployed to accept low-paid work.

Mr Clarke started down this path in his first Budget when he reduced the lower rates of employers' National Insurance contributions and announced an allowance for those on family credit to help pay for child care. An important part of the jobseeker's allowance, announced last month, is to put the unemployed more in touch with the world of work.

Picking up on these themes, the IFS has suggested improvements to family credit and housing benefit to help the low-paid. Among proposals from the wise men this week was a suggestion for taking the lowest paid out of the National Insurance system.

Such changes to the tax and benefit system are notoriously difficult to put into practice. But they may offer Mr Clarke the best chance of conjuring up a "big theme" for his second Budget day appearance.

MAN IN THE NEWS: Peter Preston

Guardian angel slips on halo

A week ago Mr Peter Preston looked set further to enhance his reputation as the longest serving editor of a British broadsheet. The Guardian was making much of the running in stories of the alleged shortcomings of British (especially Tory) MPs. Two junior ministers, Mr Tim Smith and Mr Neil Hamilton, had been obliged to resign, though Mr Hamilton is protesting his innocence by suing the paper.

The Guardian's sights were thus trained on a much bigger target: Mr Jonathan Aitken, chief secretary to the Treasury and a member of the cabinet. Then the campaign went wrong. The Sunday Telegraph revealed that The Guardian itself had engaged in a devious practice by making illicit use of House of Commons writing paper in pursuit of its inquiries.

For a newspaper that sometimes gives the impression of being holier than thou, this was a serious charge. There was more than a touch of *Schadenfreude*, even among The Guardian's admirers.

Mr Preston has admitted in public that he made a mistake: in retrospect, the digging out of information – and proof – might have been pursued by better means than purloining somebody else's address. But he is not immensely apologetic. He thinks that the use of what he euphemistically calls a "cod fax" was the best way of taking forward a story that might otherwise have been abandoned.

In any case, the Aitken affair – which, for want of a better term, is what it might as well be called – is by no means the deepest hole that Mr Preston has been in. If you want to touch a raw Preston nerve, ask him about the Sarah Tisdall affair of 1983. That, in his view, was "absolutely the worst thing that ever happened to him as editor". It undermined his credentials as a liberal and as a protector of sources.

Official documents from an unknown source had arrived at The Guardian office giving the date of the arrival of cruise missiles at Greenham Common. At the time, that was electric news. The ministry of defence and the police wanted the papers back in order to discover the source. Not knowing the source himself, Mr Preston capitulated. He walked down to the police station at Holborn Viaduct with the documents in his pocket, still wondering whether to tear them up.

The result was that Ms Tisdall, a junior officer at the Foreign Office, was exposed and sent to prison for six months. Mr Preston says now that he should have had the documents shredded immediately, while retaining the information. Had he known how tender the source was, he would have gone to the stake for her.

There is no doubt that the episode coloured his future approach to journalism. He became a tougher, more determined editor with something to prove and possibly a conscience to assuage. Shortly afterwards, he emerged as an active member of the International Press Institute, which attempts to foster an independent press around the world.

Well before that, journalism was his way of life. Preston was born in Leicester in 1938. He suffered from polio at the age of 10 – hence the still difficult movement of his arms – and his father died from the same disease. He went to Loughborough Grammar School, then to St John's College, Oxford, where he read English and edited the university newspaper, Cherwell, though his name in those days was Pete not Peter.

Entry to the bigger time came with the Liverpool Daily Post where he wrote half the editorials and helped put the paper to bed. Since then it has been The Guardian all the way. Mr Preston joined the staff as a political reporter in 1963. He was education correspondent (a role now occupied by his son, Ben, at The Times), he wrote a scintillating diary column under the heading "Miscellany", he was features editor, then production editor until 1975 when – at the age of 36 – he became editor.

The Guardian was then in a mess: financially weak and seeking to establish itself in London (foreign news was still handled from its Manchester birthplace). Mr Preston gradually pulled it together. He was helped by strikes at The Times. Yet the mid-1980s brought another decline: first the Tisdall affair, then the birth of The Independent. The editor reckons that he had to set out to recreate the paper again.

By and large, he succeeded. The Guardian introduced design changes ahead of other British broadsheets; also a tabloid section to go with the main newspaper. In terms of innovation it has been an evolutionary leader in the British industry.

Editorially, *pace* the parodies of Guardian readers, it is not especially left-wing, though many of the letters to the editor are. Mr Preston dabbled in Liberal politics at Oxford: probably his preference now is for social democracy, or whichever party most reflects it.

Shortly before the 1979 general election the then Sir Geoffrey Howe came up with the figure that 40 per cent of Guardian readers vote Tory. It was the sort of remark that perhaps pleased Mr Preston more than some of his staff.

With nearly 20 years of editing behind him, there is no sign of his going, despite recent events. He cites British editors he has admired. They come from the tabloid rather than the broadsheet press: Stewart Steven especially ("absolutely ace"), now at the Evening Standard, and Sir David English of the Daily Mail. But even they, he says, have made spectacular mistakes because they had so much to do: they lived them down.

Possibly Mr Preston feels lonely. As an editor, he claims, "you can't have friends in a normal sense". For family reasons which go back many years, he is quite close to Sir Robin Butler, the cabinet secretary whom he asked to investigate the Aitken affair, "but we've never been in each other's house".

The Guardian's inquiries will go on. Mr Preston says he has no idea where they will lead, but "you have to throw a stone into the water to see the ripples... you have to keep pushing at the frontiers". Under sustained pressure from his wife, Jean, he stopped smoking his ubiquitous pipe at the end of August. That may explain any shortness of temper.

Malcolm Rutherford

The return of the high-flyers

Japanese exporters are learning to live with a rising yen and becoming more competitive, writes **William Dawkins**

No matter how strong the yen, Japan's electronics exports will always be competitive, a Japanese executive boasted to a securities analyst last week.

That claim, while exaggerated, helps explain why few in Japan's exporting industries flinched when the yen touched a new high of Y96.1 to the dollar in New York on Wednesday, 15.5 per cent above its level at the end of last year.

Until recently, Japan's exporters were the first to moan when each new jump in the exchange rate wiped billions of yen off their overseas earnings.

Now they are celebrating. A sharp rise in export sales to the growing economies of the US, east Asia and Europe has allowed them, for the first time in years, to shrug off the pain.

With their break-even points reduced by the cost-cutting imposed by three years of economic slowdown, and more than 20 years of coping with a rising currency, exporters are starting to make startling increases in profits.

NEC, an electronics group which believes it can still make money on semiconductors at Y90 to the dollar, signalled that better times were around the corner a few months ago, when it threw a Y100m (£635,000) party in a posh hotel. Lavishness on that scale has been almost unheard of in Tokyo since the heady days of the late 1980s.

The 150-odd companies which have so far reported their results for the half-year to September show that NEC is not the only one with the right to roll out the sake. They produced an average rise of nearly 18 per cent in recurring profits (before extraordinary items and tax), well above the average market forecast of 15 per cent.

This is in spite of the yen climbing from Y103 to the dollar to Y98.6 during the same six months. Even more surprising, the sectors most dependent on exports include the best performers, with profits from the big five integrated electronics groups up more than three-fold, and profits from precision instrument makers doubled.

Yet only recently, the Keidanren and Nikkeiren, the leading business federations, were issuing dire warnings that the yen's rise would wreck Japanese manufacturing.

Mr Yasushi Mieno, governor of the Bank of Japan, however, has maintained that the pain is only short term. In the long term, he argues, the yen's strength forces corporate Japan to make itself even more competitive.

Some sectors have suffered badly at the hands of cheaper foreign competitors as the yen has appreciated. In the car market, Japan will this year cede to the US its position as the world's biggest producer. And South Korea last year briefly knocked Japan out of top place in shipbuilding.

Most have found room for improvement in factors such as costs, prices, quality and demand

Overall, however, analysts believe Japan has kept its share of world exports steady at just over 9 per cent since the last count in 1991. This is because the exchange rate is not the only factor in competitiveness.

Most of Japan's exporters have found room for improvement in other factors such as costs, prices, quality and demand. They have become experienced in searching for such improvements, given that the yen has been on a rising trend since 1972, when it stood at Y360 to the dollar.

On cost-cutting, Japanese industry's main technique has been to shift production capacity overseas and to increase purchases of components from abroad.

Nearly one-third of cars and machines made by Japanese-owned companies now come from outside Japan. Almost a quarter of its manufactured output is made abroad, and this is expected to double by the end of the decade, estimates the Tokyo office of Jardine Fleming, a securities firm.

Pessimists argue that this overseas exodus will deplete Japan's manufacturing base. Yet, argues Mr Mieno, this is really an appropriate redistribution of labour between low-wage countries, for making price-sensitive commodities, and high-wage ones such as Japan, for making high value-added products.

Japanese exporters' other main cost-cutting technique has been to shed labour through freezing recruitment and encouraging early retirement. It has been a slow process, with manufacturing jobs falling by just 3 per cent in the past year.

The latest bout of labour cost-cutting started in mid-1991, stimulated by the onset of Japan's recession rather than by the rise of the yen. Industry was initially slow to act. This was due to the tradition of offering life-time employment to staff – one reason why corporate earnings collapsed so dramatically at the start of the downturn.

By the same token, however, this steady cost-cutting will continue into the upturn, leading many securities analysts in Tokyo to expect much sharper corporate profits rises in the next two years. There is plenty of scope for improvement: manufacturing industry's recurring profit margins are thin, at 1.8 per cent of sales.

On prices, Japanese exporters have benefited from following Mr Mieno's advice to shift upmarket into high value-added products. This leaves them relatively immune from undercutting by cheaper producers. They have also continued to expand their lead in quality control, notably in automotive components, which allows them to sustain higher prices.

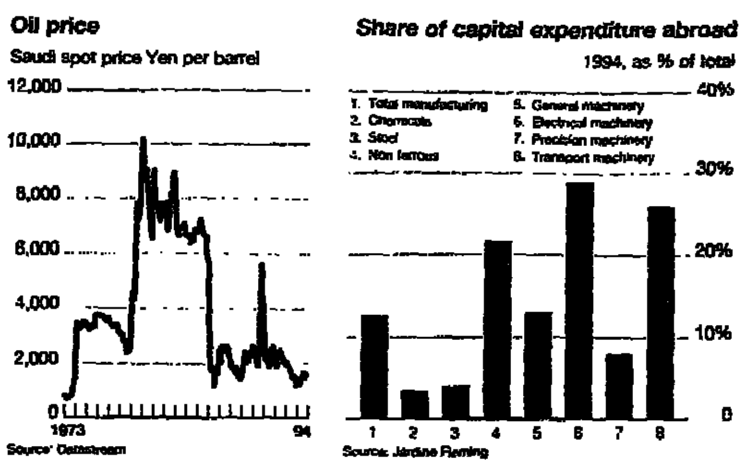
Even with commodity-type goods such as paper, steel beams and polyester, foreign demand has been strong enough during the past six months for Japanese exporters to push through price increases – despite the yen's rise.

Demand has been the final component in Japanese exporters' new-found ability to live with a high yen. They have the good fortune to be going into a recovery with plenty of under-used domestic capacity at a time when US industry is struggling to keep up with demand. Japan willingly fills the gap at prices buoyed by the inflationary pressures created by capacity constraints in the US.

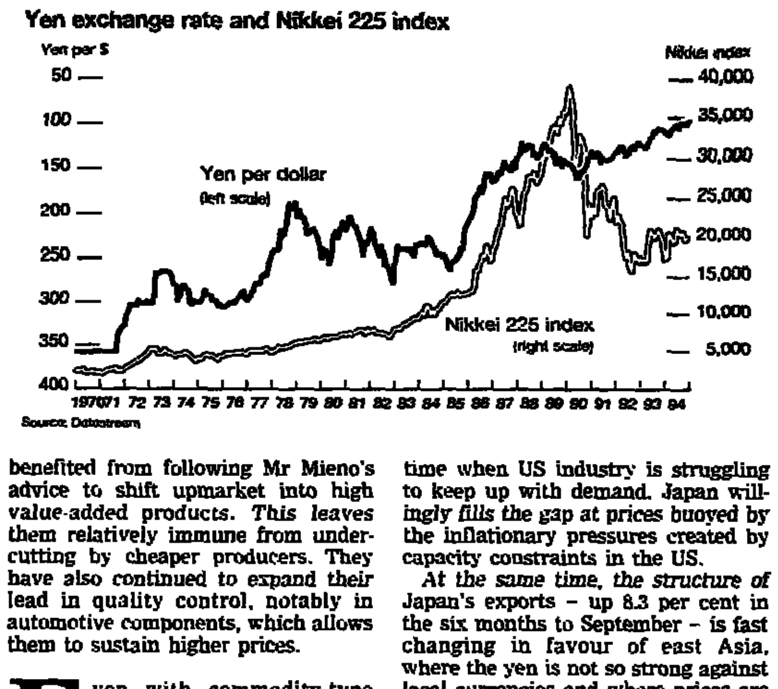
At the same time, the structure of Japan's exports – up 8.3 per cent in the six months to September – is fast changing in favour of east Asia, where the yen is not so strong against local currencies and where prices are rising even faster than in the US. Asia overtook the US as Japan's biggest export market in 1991, and now its exports to Asia exceed sales to the US by a third, in dollar terms.

The downside of Japanese companies' success in export markets is that it contributes to the strength of the yen. The currency pressure on Japanese manufacturers to sharpen competitiveness further is therefore unlikely to let up. On their past record, they will not fail to respond.

Japan: sharpening up its act



Yen exchange rate and Nikkei 225 index



Classics with extra spin

A new UK audience has been created for classical music, says **Alice Rawsthorn**

Musical monks from an obscure Spanish village may seem unlikely rivals of the world's wealthiest opera stars. But over the next few weeks the Silos Monastery choir will be battling against Placido Domingo, José Carreras and Luciano Pavarotti for top place in the UK's Christmas classical music charts.

The Silos choristers' Canto Noel is a seasonal follow-up to their Canto Gregoriano, a compilation of Gregorian plain song that is this year's classical best-seller. Their rival for the number one position is the Three Tenors' 1994 concert before the football World Cup final in Los Angeles.

So far this year, the popular success of records such as these has boosted the volume of classical music sales in the UK by more than 10 per cent against the same period of 1993, according to the British Phonographic Industry. The question for the music industry is whether this year's increase reflects a genuine widening of the classical market or just the impact of a few one-off hits.

"The success of the Three Tenors and Canto Gregoriano shows that people enjoy classical music if they have a chance to hear it," said Bill Holland, head of Warner Classics. "We've got to break down the old snobberies and help the public feel more comfortable about buying operas or symphonies."

The UK classical market has experienced similar upsurges before. Sales peaked in 1990, at 16.7m units (CDs, cassettes and LPs) worth £67.3m, according to the British Phonographic Institute. But the increase was fuelled by the one-off success of particular albums, such as the first Three Tenors' concert at the 1990 World Cup.

There was no long-term increase in sales, and the new customers drifted away. By 1992, sales had shrunk to 12.3m units worth £50.9m.

The market has since picked up again, and is expected to reach over 14m units by the end of this year. Roughly two-thirds of these will be bought by serious collectors who form the core of the UK market.

But even at these levels, the classical music market is small in comparison with that for popular music. It represents 7 per cent of UK music sales by volume, according to the International Federation of the Phonographic Industry, against 9 per cent in France, 10 per cent in Germany and 15 per cent in Switzerland.

The cost of meeting demand for recordings of new productions of operas or symphonies is high. "It costs at least £300,000 just to record an opera and you can expect to sell only 9,000 units in the first year, so you're looking at a 15 or 20 year investment," said Kick Klimble, vice-president international of EMI Classics. "We also take a long-term approach to working with a star conductor. We've made 50 recordings with Simon Rattle over 18 years and he's only just become profitable."

Occasionally, the pay-off period can be much shorter, with "cross-over" hits, records that find an appeal among a mass audience. The Three Tenors' 1990 album sold 13m copies worldwide; Vivaldi's Four Seasons by the violinist, Nigel Kennedy, launched the following year, has sold 2m.

Cross-overs are an anathema to collectors, however. "It seems impossible for the musical establishment to accept that someone can be popular and artistically worthy," said Chris Tooth, classical product manager for the Virgin retail group. "Nigel Kennedy is a seriously good violinist, but he was attacked as soon as he became successful.

"No one has actually said Pavarotti is a bad singer. But there is this sniffy element of 'If he sings My Way, can we take him seriously?'."

One of the chief catalysts of this year's upsurge in sales, according to Mr Klimble, is the success of Classic FM. The populist classical radio station, launched in 1992, has introduced a new breed of classical fans into the market.

By playing a medley of the most accessible music, Classic FM has built up a weekly audience of 4.8m listeners. This is double that of Radio 3, the BBC's classical station, which appeals to purists with entire works, including austere modern compositions.

Classic FM has provided a tailor-made advertising vehicle for music companies to target the popular classical market. Its easy listening format has also helped fuel the appetite for compilation albums of popular pieces of classical music collected under titles such as Sensual Classics, Classic Sleepies and Classic Creepies. These now dominate Classic FM's weekly chart.

Compilations are not only heavy sellers but are cheap to produce as they are assembled from archive recordings. Canto Gregoriano and Canto Noel were re-edited from four albums recorded at Silos Monastery by EMI in the early 1970s. Warner is rumoured to have paid $5m to each of the Three Tenors for the rights to record their 1994 concert.

The purists are even sniffier about compilations than about Nigel Kennedy. "You can't really call them classical at all," said Mr Tooth.

However compilations can act as a stepping stone into the "serious" classical market. Warner now adds suggestion lists to its compilations identifying complete pieces of music the listener might like. It has already detected an increase in sales of those works.

"It will take a long time to break down the elitism surrounding classical music, but we're getting there," said Mr Holland of Warner Classics. "I was encouraged by the success of Gorecki's Third Symphony last year. It's very rare for the work of a living composer to top the charts for 35 weeks.

"Then I read a letter in CD Review asking why anyone could have released such a dreadful piece of music. Six million people bought it. That's why."

Jurek Martin on the role of talk-radio hosts in the US elections

Music to political ears

Allan Loudell is passionate about steam radio. Programme director at WILM-AM, the news-talk station in Wilmington, Delaware, he believes it has a mission to inform.

His station offers a catholic mix of local, national and foreign news that is often comparable to the best that the BBC can offer. It is certainly as good as any in the US, a remarkable achievement for a shoe-string operation that expects its reporters to use old-fashioned typewriters.

But when, at 1.05pm, he heaves himself out of his noon-hour anchor seat, perhaps having interviewed the correspondents in Washington for Al-Ahram of Egypt and even the Financial Times, he gives way to three hours of the man now synonymous with the political power of talk radio, the cigar-chomping arch-conservative who has given the term "Rush to judgment" new meaning.

In fact, Rush Limbaugh and his phoners-in, known as Dittoheads and given to gathering in bars called Rush Rooms, have been somewhat less than buoyant this week. Project Restore Democracy, as he coins his programme after the labels given to US military missions overseas, is having a little difficulty with the predicted survival of two liberal icons whose demise he has ardently predicted in Tuesday's mid-term elections – Governor Mario Cuomo of New York and Senator Edward Kennedy of Massachusetts.

Even President Bill Clinton, the butt of most of his sometimes entertaining, more often savage bile, has picked up a little in the polls. But Limbaugh will have plenty to crow about on Tuesday.

Loudell contracted with him three years ago because WILM's afternoon ratings were at their lowest and Limbaugh was already head-and-shoulders above the rest of the talk-show competition. At about $6,000 (£3,700) a year, WILM has a bargain and its audience is well up (the Limbaugh programme commands six-figure fees in major metropolitan markets).

Radio polemicism dates back to the 1930s when Father John Coughlan assailed communists and President Franklin Roosevelt's reassuring fireside chats gave hope that the Depression was not forever. Contemporary inter-active talk radio shares some of the same roots, but is now even more angrily populist and political, with a strong libertarian strain. The business, which has expanded four-fold in 10 years to reach an estimated 1,000 stations, even has its own trade magazine – naturally called Talkers.

An estimated 70 per cent of its practitioners are conservative, in Loudell's view, more because of audience profile than because of current political trends. Talk radio first began to blossom 30 years ago in the Midwest on lower frequency but high-powered AM stations (medium-wave in Europe) which were heavily into sports and thus drew a mainly older white male audience of conservative bent. With younger listeners still preferring the variety and better reception of stereo FM, this remains the predominant demographic audience profile.

Other right-wing hosts now popular – though well behind Limbaugh in appeal – include Pat Buchanan, a talk-show pioneer who ran for the Republican presidential nomination in 1992, and G. Gordon Liddy, the old Watergate felon. On the left, but with smaller audiences still, stand Jerry Brown, perennial candidate and ex-governor of California, and Jim Hightower, once Texas agriculture commissioner.


AP, Katz Pictures, Rex

Jerry Brown (left), arch-conservative Rush Limbaugh (centre), Watergate felon G. Gordon Liddy

Popular iconoclasts broadcasting from New York include the satirical and frequently scatological Don Imus, heard in the mornings mostly on all-sports stations across the country. There is also the outrageous Howard Stern, who briefly ran for governor of the state as a Libertarian this summer, but withdrew because he refused to comply with the financial disclosure standards required of candidates.

Talk radio – and its later blooming relation, talk television – proved a new campaign tool in the 1992 presidential election. Ross Perot virtually launched his independent candidacy on Larry King's TV programme – and he is now the host of his own radio show.

Though he is now much the object of the medium's discontent, Bill Clinton showed himself to be its master two years ago, a good talker and more than a match for Imus in the morning. George Bush, with his fractured syntax, clearly viewed talk radio as some new-fangled horror beneath his dignity.

In the mid-term elections, talk-radio controversy has already bubbled up in one important race for the US Senate. Bob Grant, of WABC-AM in New York, is accused by his critics of bigotry and racism. But politicians he has endorsed, such as Mayor Rudolph Giuliani of New York and Governor Christie Whitman of New Jersey, have been accustomed to appear on his programme.

The gauntlet was thrown down by Senator Frank Lautenberg, the Democrat up for re-election in New Jersey. He announced he was boycotting the Grant programme because of what he called its "filth-spewing" content and dared his opponent, Chuck Haytaian, to do the same, which he did not. Then the New Jersey Transit Authority announced it was suspending all advertising on WABC-AM. Grant is unrepentant, naturally, but Lautenberg, his political point made, is apparently cruising to victory proving that not all talk-show hosts are that influential.

Generally, however, the angry populism of the broadcasters is directed against Washington and its incumbents, mostly Democrats. Thus, the latest Newsweek quotes a Republican pollster on Oliver North's campaign for the senate in Virginia: "To many voters, his history [lying to Congress over the Iran-Contra scandals] won't matter much. He's the handy voice of talk-show anger."

Howard Kurtz, media correspondent of the Washington Post, recently spent 24 hours listening to what he described as "the rawest form of media democracy". He observed: "This all-gab environment has changed the rules for politicians and their handlers, who once thought it sufficient to stamp out a brushfire in the New York Times or Newsweek but may now find it raging out of control in Cincinnati, New Orleans or Tucson."

Loudell fears it could get worse, noting that some programme directors "have begun to consider ideology as part of a station's 'identity'". They find it increasingly difficult to entertain alternative views, "much as a hard-rock album station would alienate its audience by playing Abba", he says. In this election year the music is not gentle on the ear.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Transport efficiencies

From J R Horseman.

Sir, Mr Richard Bird, in advocating road pricing (Letters, November 2), is voicing an apparent confusion in much of the public debate on the subject.

The taxation of car ownership and car use is already levied by means of the vehicle licence and petroleum excise duty respectively. Increasing either, or both, of these would be cheaper to collect and, unlike road pricing, would not simply shift congestion from roads which are priced to those which are not.

J R Horseman,
8 Buckleigh Road,
Streatham,
London SW16 5SA

From Mr George Atkinson,

Sir, Railtrack and client operators must visit Dusseldorf airport in Germany. Coming out of customs they would face a screen. A button brings up user instructions in English. Key in Hamburg, or Koln, and there is displayed the next S-bahn to either Dusseldorf or Duisburg main station connecting with the first inter-city service.

Why not try the system out at Gatwick and put Giles Keating's information technology proposal (Personal View, October 31) into practice.

George Atkinson,
Romeland Cottage,
3 Romeland,
St Albans, Herts AL3 4EZ

Investor problem for solicitors

From Mr P E Bridge.

Sir, Barry Riley's reference (The Long View, October 29) to "bureaucratic investor protection" rubs a sore spot for many of us in the professions. The effect of the Financial Services Act for solicitors has been to make them deliver a worse service at a higher cost. This is particularly frustrating when the problem could so easily be solved by taking solicitors outside the Act, provided that they clearly undertook to accept no personal benefit from commissions.

P E Bridge,
76 Royal Hospital Road,
London SW3 4HN

Sizeable turnround by coal 'cast-off'

From Mr Ray Proctor.

Sir, Whether Anglo United beats off the three other contenders, acquires Coal Products and thus secures its own "salvation" ("The preferred route to recovery", November 3) remains to be seen. What is not in doubt is that Coal Products cannot be fairly described as "British Coal's cast-off".

Our subsidiary has achieved a sizeable turnround in profitability over the past two years. This has been done by closing excess capacity and by developing the strengths of its branded products.

Oxfam would be grateful for such valuable discards.

Ray Proctor,
finance director and director of privatisation,
British Coal,
Hobart House, Grosvenor Place,
London SW1X 7AE

Result could hardly be otherwise

From Mr David Delaney.

Sir, Your report on council reforms stated that there was overwhelming support in Herefordshire for a unitary authority ("Council reform faces further setback", November 1).

The result could hardly be otherwise because we were not asked if we wished for no-change.

David Delaney.
The Mill House,
Mortimers Cross,
Nr Leominster,
Herefordshire
HR6 9PE

UK parliament has best that money can buy

From Mr John Donovan.

Sir, The British parliament's raison d'être was to give the ruled some means to curb the excesses of the executive.

The system of party politics, combined with the whips' office, ensures that the executive now curbs both parliament and the ruled, who are now totally reliant on the media to curb, or at least disclose through the essential difference between news and propaganda, the activities of the executive.

The ascendancy of the professional over vocational politicians, in what many of them had come to regard as virtually a one-party state, has resulted in the mother of parliaments having among its members the best that money can buy.

John Donovan,
17A La Pleta,
Ordino,
Andorra

Unease over a privatised PO

From Mr Victor Ripley.

Sir, It is not ignorance or wilful misrepresentation ("Avoiding postal fudge", November 3) that motivates public unease about Post Office privatisation. Those who have seen their Crown office close, and the service disappear into the back of a newsagent's shop – as in my town – have good reason to wonder what other assets a private sector Post Office would liquidate for the sake of a share price.

Victor Ripley,
6 Streetes Close,
Godalming, Surrey GU7 1YY

'Senate' is not the right route to unite engineers

From Mr Rowland Morgan.

Sir, Your bland headline, "Elected 'senate' to unite engineering profession" (October 26), repeats parrot-fashion what the engineering establishment wants us all to believe.

Sir John Fairclough's praiseworthy initiative to seek unification of a profession "owned by its members" has been hijacked by engineering institutions determined to stop rank-and-file engineers from directly electing a majority of members on the new central body.

These are the same institutions that persuaded the profession to replace the Council of Engineering Institutions by the present Engineering Council, and that now look likely to endorse the backwards step of resurrecting the old CEI structure, which did not work.

No agenda has yet been set for debate, discussion and comment and even the engineers' national forum, the Engineering Assembly, has not been allowed, and will not be allowed, to express any opinion, although it is the only representative body for more than 200,000 engineers and technicians.

Engineers want and deserve a central authority that is answerable to them as a profession. Unless the engineering establishment recognises this and shifts the balance of power away from the institutions and towards the membership any dream of a united engineering profession will be lost.

Engineers hoping to emulate the medical profession's single effective voice should be reminded that it comes not from the Engineering Council's counterpart, the General Medical Council, but from the medics' trade union, the British Medical Association.

Perhaps it is only when the engineers have their own "BMA", free from the restraints of charitable status and Royal Charter, that the one effective voice of the profession will become a reality.

Rowland Morgan,
senior lecturer in civil engineering,
University of Bristol,
Bristol BS8 1TR

Proceeds will help fund the acquisition of Meridien hotels

Forte makes £175m placing

By Michael Skapinker, Leisure Industries Correspondent

Forte yesterday announced a £175m share placing to help pay for its acquisition of Meridien hotels, the international chain which is 57 per cent owned by Air France.

Forte said the placing by UBS, at 227p a share, was completed by 11am yesterday, with shares purchased by both existing and new shareholders. The placing price of the 78m new shares represented a 4 per cent discount on Thursday's closing price of 236½p. The shares closed down 3p yesterday at 233½p.

Forte said the formal acquisition of Meridien was expected to take place by next Thursday. The group said that acceptances had reached 90 per cent and should rise further by next week.

Air France announced in September that it preferred Forte's bid for Meridien to that of Accor, the French hotel group. The acquisition of Meridien's 54 hotels was a significant victory for Forte, doubling its international portfolio of first class establishments.

Before completing the deal, Forte had to wait for the approval of France's Commission de Privatisation, which has now been given. The complicated nature of the completion process means that Forte will probably end up paying less for Meridien than the FFr1.9bn (£220m) originally envisaged.

Forte will have to pay only 80 per cent of the FFr1.08bn due to Air France on completion next week. The remainder will be paid early next year, but is conditional on how many hotel management contracts Meridien retains and on detailed structural surveys of the hotels.

The minority Meridien shareholders have been offered a choice. They can either receive payment on the same basis as Air France or they can receive final payment next week. If they opt for the latter they will receive slightly less than if they wait for the final instalment next year.

The £175m raised by yesterday's placing represents the amount that Forte believes will be payable next week. The final payment to be made early next year would be funded from borrowings or hotel disposals, Forte said.

When its victory over Accor was announced, Forte said it had three options in funding the Meridien purchase. The first was to use existing borrowing facilities. The second was to arrange bridging finance until Forte sold its 25 per cent stakes in Gardner Merchant, the contract catering group, and Alpha Airports, the airline catering company. The third was an equity raising exercise.

Forte said yesterday that the first had been rejected because it would have resulted in an increase in gearing. The second was excluded because Forte wished to retain flexibility over when it disposed of its stakes in the two companies.

Forte said it decided on a placing rather than a rights issue because of the relatively small size of the equity offering and because a rights issue would have required a more substantial discount.

Pru appoints finance director

By Alison Smith

Mr Jonathan Bloomer, a senior partner at Arthur Andersen, the accountant, is to become group finance director at Prudential Corporation, the UK's largest life insurer, from the start of next year.

Mr Bloomer, aged 40, will be the second youngest member of Prudential's board, and comes with 20 years' experience at Arthur Andersen, where he is managing partner of the European insurance practice.

He will be only the second person to hold the post of group finance director at the Pru: his sole predecessor was Mr Michael Lawrence, who left to head the Stock Exchange in February this year.

Prudential's executive directors are paid in the range £295,000 to £435,000.

Acknowledging that his post had been vacant for almost a year, Mr Bloomer said his task would be to bring a further layer of financial analysis to Prudential's strategic decisions in areas such as east Asia and within the US marketplace.

He said also that the prospect of being at Prudential at a time when the UK life assurance industry was going through such a period of change was "too exciting an opportunity to pass up".

Jonathan Bloomer: too good an opportunity to pass up

Hanson £2m joint venture in China

By Simon Holberton in Hong Kong

Hanson, the UK conglomerate, has made its first foray into the Chinese market in a £2m joint venture with Beijing's gas monopoly to produce gas meters.

Hanson Pacific was broker to the deal which UGI Meters, a Hanson subsidiary, signed with the Beijing Municipal Gas Company. UGI owns 55 per cent of the joint venture.

The deal is a departure for Hanson, which has not shown much interest in joint ventures in the past.

Mr Robert Hanson, chairman of Hanson Pacific, said the idea of joint ventures was a "big change in our corporate philosophy".

Mr Simon Hsu, who was appointed chief executive of Hanson Pacific earlier this year to spearhead the group's expansion in Asia, has convinced the Hanson group that partnerships are a better way to penetrate China than takeovers.

Yesterday he said he was working on "four or five" other deals that the group was looking at seriously.

Underlining the company's interest in Asian business, Mr Hanson, Mr Hsu and Mr David Clark, the group's chief executive in the US, are embarking on a 10-day tour of China and south east Asia on Monday to look for sales opportunities.

Mr Hsu said UGI had big plans for its gas meter business in China.

It is to build a factory in Beijing to manufacture state of the art gas metering equipment for sale to the gas utility in the Chinese capital.

UGI plans to increase production from an initial 200,000 units a year to up to 700,000 units in three years. The joint venture will also seek export opportunities within the Asia-Pacific region.

Mr Hanson said: "We've spent time encouraging our operating companies to invest in this area." However, he added that Hanson had no set level of investment planned for Asia-Pacific.

Bowater to depart paper business with £158m sale

By Peggy Hollinger in London and Terry Hall in Wellington

Bowater, the printing, packaging and coatings group, yesterday closed the book on a decade of restructuring with the announcement that it had agreed to sell its last remaining paper businesses in a £158.3m cash deal.

The company said it had reached an agreement in principle to sell its Australian tissue operations and related pulp and wood products activities to the diversified forestry company Carter Holt Harvey of New Zealand for A$350m.

The deal also includes Bowater's Deeko disposable tableware operations, and a 50 per cent interest in Sancella, a feminine hygiene joint venture.

Mr David Lyon, Bowater's chief executive, said the disposal completed "a process of regeneration and change" which had been taking place within the company since he was appointed in 1987.

However, Bowater has been gradually withdrawing from the paper industry since the demerger of its large US papermaking business in 1984.

Mr Lyon said that if the cash were left on deposit the net effect of the disposal would be to dilute earnings by about 0.5p. Bowater intended eventually to reinvest the proceeds in its core packaging, printing and coatings businesses. It also hoped to increase its presence in Asia, Mr Lyon said.

He stressed that Bowater's acquisitive period was largely over. The company, which completed several large acquisitions in 1992 and 1993 at a total cost of £853m, would now focus on organic growth.

In the shorter term, the sale would reduce debt as a proportion of shareholders' funds from 43 per cent to between 20 and 25 per cent.

In the year ended December 31, the Bowater Tissue division reported operating profits of £10.7m on sales of £145m. Net assets before debt were £150m. The deal remains subject to net asset adjustments and regulatory approval.

Bowater also announced that it was considering the possibility of floating its Australian engineering business, which distributes engines and gearboxes for trucks, boats and agricultural and mining equipment. Sales last year were £114m, with operating profits of £5.5m. Net assets were £44m.

Mr Lyon said flotation was unlikely before next year.

Meanwhile, Carter Holt Harvey, which is controlled by International Paper of New York, said the acquisition of the Australian operations formed part of a strategy to expand its core business in the Pacific.

It announced the deal in an interim profits statement which showed an 8 per cent increase in pre-tax profits to NZ$192m (£73.1m) on sales 15 per cent higher at NZ$1.43bn. Earnings per share rose from 10.5 cents to 12.01 cents and the dividend was unchanged at 4 cents.

The Chilean associated company, Compania de Petroleos de Chile (Copec) announced doubled profits of 92.3bn pesos (NZ$371.4m).

Starmin deeper in the red

By Peggy Hollinger

Starmin, the quarry products company chaired by Lord Parkinson which is in survival talks with its bankers, yesterday announced increased losses for the first half of 1994 after a series of provisions and exceptional charges.

The pre-tax loss of £1.69m (£1.24m) was published after the market closed. Sales were 19 per cent lower at £6.96m.

The accounts were prepared on a going concern basis, a status which accountants Ernst & Young described as fundamentally uncertain given the negotiations with bankers.

However, Mr Michael Gurner, the chief executive appointed in July at the behest of Starmin's bankers, said the refinancing talks were going well.

Starmin was considering various ways of raising funds to eliminate its £6m debt, such as a placing and open offer.

Toal exceptional charges and provisions came to £1.5m. Excluding exceptionals, operating profits from continuing businesses improved from £173,000 to £304,000.

Losses per share deepened to 0.5p (0.4p). Last year Starmin breached banking covenants when doubled losses of £23.2m left it with shareholders' funds of just £3.42m.

Browning-Ferris extends Attwoods bid

By Peggy Hollinger

Browning-Ferris Industries, the US waste services company, yesterday extended its hostile £364m cash offer for Attwoods of the UK for 15 days.

BFI has received acceptances for 30.61 per cent of Attwoods shares.

This includes the 29.8 per cent which it has agreed to buy from Laidlaw of Canada.

Mr Ken Foreman, Attwoods' chief executive, said the level of acceptances excluding Laidlaw's stake showed that "our shareholders do not come cheap."

Mr Foreman said Attwoods would demonstrate its value to shareholders.

Attwoods is expected to publish its third defence document at the end of next week.

This is likely to include first quarter results as well as indications on profits for the first half.

Under the takeover code, the UK company cannot publish any new financial information after November 11.

The extension of BFI's bid was widely expected, with many institutions holding out in hopes of a higher offer.

BFI now has until November 18 to increase its bid.

Wm Cook up 6% as interest falls

By Richard Wolffe

Lower interest costs helped to lift pre-tax profits 6 per cent at William Cook, the Sheffield-based steel castings group, in the six months to October 1.

Pre-tax profits rose from £3.35m to £3.54m as net interest fell from £551,000 to £410,000. Operating profit remained almost unchanged at £3.95m (£3.91m) on turnover which rose 8 per cent to £51.9m (£48m).

Mr Andrew Cook, chairman, said margins had come under pressure as competitors lowered prices. He claimed that 50 per cent of the company's continental competitors were trading "in a state of both legal and actual bankruptcy".

Raw material prices have also risen between 50 and 100 per cent in the last three months.

"In this environment, our own large-scale modernisation and investment programmes have the effect more of limiting margin erosion rather than increasing margins," Mr Cook said.

The company's strategy would be to reduce debt, which stood at £8m at the interim stage, while reducing costs and improving efficiency.

The group's capital expenditure was about £2.5m in the first half as it completed modernisation programmes at two of its seven plants.

However, it faces difficulties in its overseas market as the weak dollar affects 75 per cent of its export sales.

Earnings per share rose 0.53p to 10.8p and the board declared a maintained interim dividend of 2.5p. Shares closed at 266p, down 4p.

TBI £2.4m in black midway

By Roland Adburgham, Wales and West Correspondent

TBI, the property investment and development company, reported pre-tax profits of £2.4m in its first interim results since the reverse takeover of Markheath, the indebted property company, in March.

The profit in the six months to September 30 compared with a restated loss of £2.4m in the same period last year.

TBI said both businesses had been successfully integrated and there were already cost savings.

Management changes are being made to facilitate TBI's intended rapid growth through active portfolio management. Mr Michael Rendle will step down as non-executive chairman on January 1 and be succeeded by Mr Stanley Thomas. Mr Thomas was one of the principal backers of TBI when, before the reverse takeover, it was the privately-owned Thomas Bailey Investments.

Mr Keith Brooks, formerly a partner with Price Waterhouse, the accountancy firm, became chief executive on November 1. Mr Paul Guy, who was chief executive, becomes his deputy and finance director, replacing Mr Ian Creber who has resigned. Mr Creber was one of two Markheath directors on the TBI board.

Turnover advanced to £3.9m (£1.7m) and operating profits were up £1.8m to £2m. Net debt fell by £7.4m to £39.4m, compared with March 31, and gearing dropped to 84 per cent from 113 per cent at the start of the year.

Net assets rose to £46.6m (£41.7m) in that period.

No dividend will be paid but TBI said it expected a nominal final dividend to be recommended for the full year if sufficient distributable profits had been earned.

Kay's Food reverses into Corridor in all-paper deal

By Tim Burt

Kay's Food Group, the meat processing company which floated earlier this year, yesterday announced a reverse takeover of Corridor Food Group, the privately-owned catering retailer and distributor.

Although the company refused to disclose how much the deal was worth, it said the all-paper acquisition represented a significant expansion.

Corridor's catering operations are expected to complement Kay's existing customer base, which ranges from Fortnum & Mason to British Rail. Corridor shareholders will receive new ordinary shares in Kay's at 5p each.

Kay's, which raised £2.1m from its flotation, said further shares could be issued to provide working capital. Funds from the issue have been used primarily to develop a £2.3m factory near Milton Keynes, designed to boost processing capacity from 3,000 tonnes to 15,000 tonnes a year.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Banner Homes	int	0.7†	Jan 4	nil	-	1
Brit Assets Tst	fin	1.11	Jan 9	1.07	4.38	4.28
Burtonwood Brew	int	0.8	-	0.7	-	5
Cook (William)	int	2.5	Jan 6	2.5	-	7.5
Finsbury Trust	int	1.2	Dec 16	1.2	-	3.2
Investors Cap	fin	1.3	Dec 16	1.275	5.2	5.125
London Indust	int	3	Feb 1	2	-	7
Oceana Consol	int	0.625	Dec 12	0.5	-	2.5
Usborne	fin	nil	-	0.4	nil	0.6

Dividends shown pence per share net. †On increased capital.

NEWS DIGEST

Burtonwood Brewery edges ahead

Burtonwood Brewery reported a rise in pre-tax profits from £1.97m to £2.05m in the half year to September 24.

The 4 per cent advance was achieved on lower turnover of £24.8m (£26m), although directors said that if turnover was adjusted to reflect disposals of off-licences the underlying trend would show a 2.6 per cent increase.

Earnings per share were 6.5p (6p) and the interim dividend is lifted to 0.8p (0.7p) to reduce disparity.

British Assets Trust

British Assets Trust's net asset value per share fell from 110.4p to 102p over the year to September 30. Over the same period the FT-SE-A All-Share Index was virtually unchanged.

Net revenue for the year amounted to £21m (£21.5m). Earnings per share came out at 4.2p (4.38p) and a proposed final dividend of 1.11p raises the total to 4.38p (4.28p).

● Investors Capital Trust, in which British Assets has a 65.2 per cent holding, also reported a fall in net asset value, from 139.7p to 134.2p per share. Net revenue rose from £13.2m to £13.5m and earnings improved from 5.32p to 5.43p. A fourth quarterly dividend of 1.3p makes a 5.2p (5.125p) total.

The trusts are managed by Ivory & Sime.

MS shares fall

Shares in MS International, the Doncaster-based specialist engineering products manufacturer, have fallen 17p to 30p since a profit warning by Mr Michael Bell, the executive chairman.

For the six months to October 29 a pre-tax loss of about £1m is expected against profits of £462,000. He blamed "exceptional and difficult trading conditions" experienced by two subsidiaries, MSI-Transportation Systems and Ernst Wilhelms.

The rest of the group was trading profitably.

Oceana Cons ahead

Oceana Consolidated Company, the stockbroker and investment manager, increased interim pre-tax profits 14 per cent from £877,000 to £1m. Turnover in the six months to September 30 was £6.88m, a rise of 9 per cent from £6.29m.

Charles Stanley, the group's principal subsidiary, more than doubled fee income to £1.84m.

Earnings per share came out at 8.62p (7.28p) and the interim dividend rises to 0.625p (0.5p).

Finsbury Trust

Finsbury Trust, the special situations trust, had a net asset value per share of 174.4p at the September 30 interim stage, against 181.1p at the March year end and 152.1p at the halfway stage last year.

Net revenue for the half year amounted to £436,000, down from £580,000, giving earnings of 2p (2.4p). The interim dividend is held at 1.2p.

Undervalued Assets

Undervalued Assets Trust, managed by Scottish Value Management, had a net asset value per share of 96.4p at September 30. This figure represented a 0.3 per cent rise since the trust was incorporated in March, during which time the FT-SE-A All-Share Index fell 5 per cent.

Net revenue for the period March 17 to September 30 was £466,000. Earnings per share came out at 0.87p.

Flagstone

Shareholders in Flagstone Holdings, the USM-traded leisure concern, have approved the change of name to Queensborough Holdings and the cancellation of the deferred shares and the share premium.

The moves follow the arrival of Mr Kevin Leech as chairman in August having acquired a holding of almost 22 per cent. He hopes the company will return to a full listing by the end of the year.

It reported pre-tax losses of £424,000 (£730,000) for the year ended January 31 on turnover of £607,000 (£521,000).

Sleepy Kids deal

Sleepy Kids, the animation and character merchandising group, has signed another 11 licensing deals for Budgie, The Little Helicopter, the character created by the Duchess of York, bringing its number of deals worldwide to 86.

A second series of 13 cartoons featuring Budgie will be shown on children's ITV from January 1995, along with a repeat of the first series.

En-tout-cas expands

En-tout-cas has agreed a deal with Balsam of Germany which will, the company says, create a major player in the world market for synthetic sports surfaces and allied sports equipment.

The new company, ETC (Holdings), will have an initial annual turnover exceeding £50m and gross assets of more than £22m.

A resounding pitter-patter of political arm twisters

Bernard Gray looks at the lobbying process surrounding BAe and GEC's attempts to take over VSEL

Lobby, lobby, lobby, the sound of political arm-twisters pitter-pattering around Whitehall has risen to a din in the last week. The bids for VSEL have turned a slow autumn for the political lobbyists into a bun fight. Both British Aerospace and GEC have teams of professional political lobbyists phoning every MP in the House of Commons phone book from A to Z; Sir Tim Bell is batting for GEC, while lobbying company PPU is doing the honours for BAe.

Bigger strategic fish are being fried by heavyweight chefs within the companies themselves. Meetings in the normal course of business between the companies and civil servants are being turned to the subject of VSEL. Meetings outside the normal course of business are being called with senior civil servants and ministers to put the case for one side or the other. Both Lord Weinstock, managing director of GEC, and Mr Dick Evans, BAe's chief executive, have been much in evidence at the Ministry of Defence lately.

Then there are the other board members who can lend a hand in time of trial. BAe has two political non-executive directors: Lord Hollick is a working Labour peer who runs the financial and media company MAI, while Lord Hesketh was previously a Conservative government chief whip in the Lords and is an ex-minister of the Department of Trade

GEC's chairman, Lord Prior, served in Mrs Thatcher's cabinet, while Sir Geoffrey Pattie MP is a Conservative ex-defence and trade minister who is now co-chairman of GEC-Marconi, the company's defence arm. All can be expected to have quiet chats behind the scenes with friends and colleagues to make sure the right point of view gets home.

The process they are trying to influence is that followed when a bid raises competition issues. The companies involved, and any customers or government departments affected, can make submissions to the Office of Fair Trading about what they think should happen. Since in this case submarines are only bought by the Ministry of Defence, the MoD's evidence to the OFT will be crucial.

However, the Department of Trade may also make a submission about the industrial consequences of the bids.

The Scottish Office may also get involved because the Yarrow yard on the Clyde falls within its patch, as does BAe's troubled Prestwick aircraft factory, which might just be under threat if the company's finances are not strengthened by a VSEL takeover.

Each of the departments can make a separate submission, and may well do so. But given the highly-charged political atmosphere surrounding these bids, *ad hoc* groups of civil servants will be formed to try to iron out inter-departmental differences in advance.

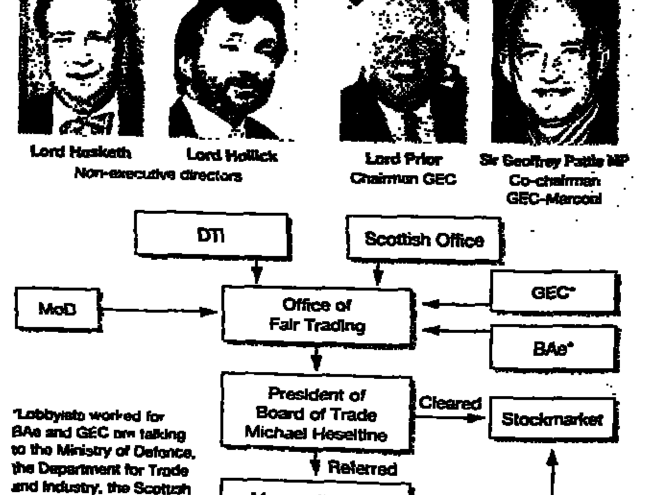
These officials will then put their recommendations to ministers, who may, or may not, accept them. Needless to say, ministers from different departments will also have discussed the issue in advance.

Submissions are then sent to the OFT, which normally tries to decide within 21 days whether or not to refer a bid to the Monopolies and Mergers Commission for a full investigation.

That should mean that the OFT rules on BAe's case by November 16. But because GEC's bid came later the examination may be extended to December 7. The OFT then makes its report to the president of the board of trade, Mr Michael Heseltine, who can accept or reject the findings. At this stage there will undoubtedly be a cabinet level discussion about the wisdom of any course of action. If Mr Heseltine clears both bids, the battle would then move to the stock market, where GEC's financial strength gives it an advantage. If he referred both bids to the MMC the issue would be in limbo for six months. If he referred GEC but not BAe, then BAe would probably win.

The lobbyists will crawl all over each stage of the process trying to gain an advantage. However, the arguments are complicated because while they are ostensibly about competition in shipbuilding and who should own VSEL, they are in reality about who should run the British defence industry. So will it be GEC or BAe which wins the argument? That, unfortunately, is still an official secret.

A warren of lobbyists



Unions say GEC will keep shipyards open

By Chris Tighe and James Buxton

Lord Weinstock, GEC's managing director, has pledged that if his bid for VSEL succeeds, both GEC's Yarrow and VSEL's Barrow-in-Furness shipyards would be kept open, according to one of the officials formulating the trades unions' stance on the rival bids.

The undertaking was made by Lord Weinstock at a meeting with union officials on Thursday evening. Mr Duncan Lapish, national secretary of the white-collar Apex section of the General Municipal Boilermakers Union, said Lord Weinstock also said that a successful GEC bid would safeguard jobs at its electronics systems producer Marconi.

Mr Lapish said he did not doubt Lord Weinstock's undertaking that the Barrow and Yarrow yards and Marconi would remain in operation if his bid won. "I have no reason to doubt his sincerity on that; Lord Weinstock usually means what he says."

However, Mr Lapish added: "He said all these three would be safe but he didn't say at what size."

Thursday's meeting, about which GEC yesterday declined to comment, was between Lord Weinstock and the GEC National Joint Consultative Council, composed of national officers of unions with members employed by GEC.

It was the first of a series of meetings at which the unions are gathering information on the strategies behind GEC's and BAe's rival bids for VSEL. The Confederation of Shipbuilding and Engineering Unions will then decide whether it has a preference between the two, and whether to press for Monopolies and Mergers Commission intervention.

CSEU officials are to meet BAe executives on Tuesday to probe their plans. The unions also hope to meet VSEL management soon. Mr Lapish said they wanted to know why VSEL had not wished to fight to remain independent.

The manoeuvring to take over VSEL, against a background of shrinking defence orders, has provoked anxiety among VSEL's 6,000 employees at Barrow in West Cumbria and GEC's 3,000 at Yarrow on the Clyde.

Before GEC confirmed it was bidding for VSEL, Barrow union leaders had made their hostility to GEC plain to VSEL management. The Barrow officials are awaiting a meeting with GEC.

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COMPANY NEWS: UK

No time to put his feet up

More at ease than he has been for months and unfettered from his erstwhile tormentor, Dieter Bock is now able to make his presence felt at Lonrho, Robert Peston reports

Mr Dieter Bock was yesterday exhausted but more at ease than he had been for months, *having won his long battle* against Mr Tiny Rowland, his fellow joint chief executive at Lonrho, the international trading group.

At tea time on Thursday, Mr Rowland, who had been Lonrho's driving force for 33 years, agreed to give up *his executive* duties at the end of the year and to stand down from the board altogether next March.

In his first interview since *establishing himself* firmly in control of the international trading group, the German property financier *did not hide* his delight: "It will take some *time to really* relax and move forward without the burden of having someone on my back," he said.

He had no doubt that the agreement with Mr Rowland was binding. "He may try to hurt me with words, but I can cope with that."

Mr Bock stressed that the title of *Lonrho president*, which Mr Rowland will take next spring if shareholders agree, carries "no power". The title of president had been offered to Mr Rowland because "the board did not want to *humiliate him*".

He added that opinion within the company was divided on whether Mr Rowland would bother to continue coming in *to the office: "I think he* will come from time to time."

He also denied that he had made a significant concession to Mr Rowland by agreeing *to scrap an arrangement which* gave him a substantial degree of control over Mr Rowland's 6.5 per cent Lonrho shareholding.

Mr Bock had previously had the power to force Mr Rowland to sell him the shares on leaving the company or at the end of 1985. A new arrangement *has* now been put in place giving Mr Bock the right to buy the shares only if Mr Rowland wants to sell them – and that right expires once Mr Rowland leaves the board.

However, Mr Rowland's Lonrho shareholding continues to *be held in an escrow – or independent* – account. Until he leaves the board they can only be sold through the company's stockbroker, James Capel, and only if Capel takes the view that the sale will not damage the company.

Mr Bock's main disappointment over the past year has been *his inability to dispose of* peripheral assets, which he blames on the obstructive tactics of Mr Rowland. "There have been almost no disposals *this year*," he said.

Mr Bock's most ambitious reorganisation attempt so far at Lonrho *has been a plan to* create the world's biggest platinum group by merging the company's South African platinum interests with those of *Gencor, the mining conglomerate.*

This however was blocked earlier this year, though there are conflicting explanations of *who was responsible for the* impasse. Mr Bock's close colleagues blame Mr Rowland. Other Lonrho executives say that there was a widespread view on the company's board that the implicit value *being put on Lonrho's holding* in Western Platinum was too low.

Mr Bock's main disappointment over the past year has been his inability to dispose of peripheral assets, which he blames on the obstructive tactics of Mr Rowland

Mr Bock said yesterday that his highest priority was to resume negotiations with Gencor so that both companies could increase the returns they earn *from their platinum interests.*

Lonrho will henceforth have only four divisions: gold and coal mining in Africa; hotels in the UK *and internationally*; agriculture also in Africa; and international trading activities. Everything else will eventually be sold or closed down.

Many Lonrho employees expect Mr Bock to merge Lonrho's *hotels with the continen*tal European Kempinski chain, in which he has a significant interest through his private companies.

Mr Bock *said that* such a move had been discussed and rejected – though he said that *the possibility of fusing the* two chains might be re-examined at some point.

Whatever his plans, any sale of the Metropole Hotels would *be complicated* by the presence of the Libyan government as a 33 per cent Metropole share*holder*.

Mr Bock professes to be embarrassed by the Libyan link which Mr Rowland forged. Though how easy it would *be to sever that tie* is unclear.

Perhaps the biggest one-off boost to profits will come from cutting central administration *costs, which Mr Bock said* could be reduced by "more than £10m". Once Mr Rowland departs, there should also be a £5m saving as the group no *longer has to pay his salary of* more than £1m and millions of pounds of other expenses directly related to him.

These costs relating to Mr Rowland include £850,000 of business expenses, the £2m annual costs of running a Gulfstream jet, and even £230,000 of contributions to the school fees *of the dependants* of various African politicians.

Trevor Humphries

Dieter Bock: confident there are few skeletons in the cupboard

Mr Bock said, however, that by the end *of the past financial* year on September 30, he had made good his "promise" to City of London analysts that the group's operations would *cease being net consumers of* cash.

In fact, he said he had been extremely surprised at how good Lonrho's financial controls had turned out to be. As a result, he is fairly *confident that he will not* discover too many skeletons in the company's cupboard as he extends his influence over the group.

However it is widely believed within the company that Mr Rowland's departure will probably lead to the disclosure of other company secrets. That there are *some of these* is certain, given that he ran the company as a personal fiefdom, with enormous personal discretion over the use of millions of pounds *of company funds.*

One recent example of a hidden *liability* was the disclosure that Lonrho had granted an indemnity to Mr Graham Jones, the former employee of Mr Mohamed Fayed who allegedly defected to Lonrho and is now being sued by Mr Fayed.

Other disclosures may simply be embarrassing rather than financially costly - there is allegedly a whole room of secret Lonrho documents in the charge of one of Mr Rowland's minders.

The stock market yesterday took the view that any unforeseen liabilities will be outweighed by the *additional profits to be earned* as Mr Bock reorganises the company. Lonrho's share price rose 12p to 144½p, as 28.6m shares were traded, far more than the normal.

Investors will be further reassured by *Mr Bock's* most surprising statement of yesterday that – contrary to wide*spread speculation – he had no* intention of selling his Lonrho holding of 18.8 per cent and would instead be selling all his private interests over the com*ing two years, to concentrate* all his time and energy on Lonrho.

"It is such a marvellous company, that I want to devote *myself too it*", he said. "To a large extent the real value has not been unlocked."

London Industrial £20m acquisition of 17 estates

By Simon London

London Industrial, the property *company* which raised £14m when it floated on the Stock Exchange a year ago, is buying 17 industrial estates for £20m financed by a placing and open offer.

The light industrial estates, acquired from A&J Mucklow Group, *are mostly in the Mid*lands, taking London Industrial away from its roots in the south east of England.

The company was formed in 1986 *to* buy the industrial property portfolio of the Greater London Council.

Mr Harry Platt, managing director, said the acquisition fitted London Industrial's strategy of buying properties let to *multiple tenants which require* active management.

The new properties are about 82 per cent let, against 78.5 per cent for the company's existing 36 industrial estates.

The deal is being funded by a placing of shares with institu*tions at 325p. Shareholders* have the option of subscribing for shares at the same price, on *the basis of seven for every* eleven held.

After the placing, gearing will be around 60 per cent, compared with a long-term target of *100 per cent*.

Mr Platt said the company would be seeking additional acquisitions in the London and Birmingham areas.

The shares closed yesterday up 2p at 330p, against last *year's placing price of 320p.*

London Industrial also announced an increase in *interim pre-tax profits from* £355,000 to £905,100, reflecting the contribution of acquisitions made at the time of flotation.

Earnings per share increased by 41 per cent to 8.6p and the interim dividend has been increased by 50 per cent *to 3p.* The company said that it intends to pay a final dividend of 7p, making a total for the year of 10p, against 7p last year.

It added that the level of activity over the summer was higher than expected and occupancy had improved from 74.8 per cent at the end of the last financial year in March.

Banner Homes declines

Increased costs arising from its expansion led Banner Homes, the housebuilder, to *turn in lower pre-tax profits* for the six months to end-September, down from £557,000 to £504,000.

Turnover increased from £3.9m to £5.2m. The company sold 43 units in the first half against 28 last time.

The increased overheads and costs of funding a larger working capital requirement have resulted in higher interest *payments of £438,000* (£390,000).

After a tax charge of £166,000 (nil) earnings per share were 2.1p (4.1p). There is *an interim of 0.7p (nil).*

TLG oversubscribed

TLG, the holding company for Thorn Lighting Group, whose shares, priced at 115p, will start trading next Thursday, said its public offer was 3.2 *times subscribed.*

Applications for up to and including 600 shares will be allocated in full; between 700 and 3,000 shares will receive *600; 4,000 and above will* receive 20 per cent, to a maximum 100,000 ordinary shares.

Barr & Wallace chief denounces nephews

By Richard Wolffe

Mr Malcolm Barr, chairman of Barr & Wallace Arnold Trust, the motor distribution and leisure group, yesterday *denounced his two nephews* who are leading a shareholders' rebellion.

Mr Barr criticised the managerial skills of Mr Nicholas and Mr Robert Barr, who have called for their uncle's resignation.

The Barr brothers, who claim majority support among ordinary voting shareholders, have requisitioned an EGM to *unseat Mr John Parker, chief* executive, and Mr Brian Parker, finance director.

Yesterday the board called *the EGM for December 1. It* has already called another EGM for November 25 to enfranchise the group's non-voting A shares, which are owned *mainly by institu*tions.

Mr Malcolm Barr said: "The board wholly supports John Parker and Brian Small. Their *record to date and the group's* current trading have confirmed that the board made the right decision in appointing them earlier this year.

"Furthermore, *we believe* that the alternative board being proposed is insufficiently experienced and qualified to manage BWAT."

Westminster Scaff in loss

Depressed margins and poor trading conditions led West*minster Scaffolding, the con*struction industry sub-contractor, to continue its losses.

The pre-tax loss for the six months to June 30 came out at £945,000 against £1.99m for the eight months to June 30 last year. This year's figure included a bad debt of £353,000.

Turnover was down from £3.56m to £2.47m.

Losses per share came out at 0.3p (3.8p).

Although the losses were lower, the results "should not be regarded as *encouraging*," said Mr Michael Pelham, chairman.

The group was "constantly jeopardised by the reluctance *of main contractors to abide* by agreed terms of payment" and he could see no evidence of any improvement in margins.

As a result, the company is *scaling down its operations* in the UK and expanding in the Gulf.

INTERNATIONAL COMPANIES AND FINANCE

Deutsche Telekom warns over equity ratio

By Michael Lindemann in Bonn

The chairman of Deutsche Telekom's *supervisory* board said yesterday the company's equity ratio had fallen to "alarming" levels after it forecast that the company's debts would rise 4.7 per cent to DM122bn ($81bn) next year, up from DM116.5bn this year.

Mr Rolf-Dieter Leister revealed that the equity ratio in 1995 was expected to fall to 19 per cent, down from 20.7 per cent, as the company makes further new investments ahead of its stock market listing in 1996. Turnover next year is expected to rise 8 per cent to DM69bn, up from a *forecast* DM64bn this year.

Gross profits are expected to rise 15.4 per cent to DM6bn but the company will, for the last *time, have to pay half of this* back to the federal government.

A final payment of about DM4bn will have to be made to *Postbank and Postdienst, the* two other branches of the state-owned operator which have been subsidised by Telekom. All three will be turned *into joint stock companies* at the beginning of next year.

*Mr Helmut Ricke, chief exec*utive, said investments, especially in eastern Germany, *would slowly decrease* and that this would allow a gradual reduction of the company's debts. Earnings are expected to improve and the company hopes *to raise at least DM10bn* when it raises capital through a stock exchange listing early *in 1996.*

About 6,000 jobs will be shed in the coming year by means of a *hiring freeze, bringing the* workforce down to 224,000 people.

DeTeMobil, the Telekom subsidiary which operates the D1 mobile telephone network, is expected to have sales of DM4.6bn next year, up from a forecast DM3.8bn in 1994, and will make a "very respectable" profit, the group said. The company, which has *about* 800,000 mobile phone subscribers, is making monthly profits but not enough *to offset* investments of about DM4bn.

Uni Storebrand to spin off operation as profits dive

By Karen Fossli in Oslo

Uni Storebrand, Norway's largest insurance group, is to *spin-off its international rein*surance business into a new stock market-listed company, having failed to sell the loss-making activity.

*The announcement yester*day came as Uni Storebrand revealed that in the first nine months group profit, after transfers to life assurance customers, *plunged to NKr223m* ($33.8m) from NKr1.11bn at the same stage last year. Operating profit of NKr1.45bn was NKr2.38bn lower but there was *a NKr972m increase in net pre*mium income to NKr10.92bn.

Finance income dropped NKr3.04bn to NKr3.8bn due to bonds which were hit hard by rising interest rates.

Realised losses on securities were NKr710m against gains of *NKr2.42bn as unrealised gains* sunk to NKr5m from NKr4bn.

Nevertheless, Uni said it had increased market share, improved the result in the non-*life business and achieved a* sharp increase in life assurance premiums.

In March, Uni said it would seek to sell Christiania Re in *the US but, in the meantime,* the unit would be transferred to the non-life unit. Uni had planned to dispose of the UK business and close the Singa*pore office. But the strategy* failed and Uni yesterday announced plans to spin them off.

The Oslo, London and Singapore re-insurance units increased nine-month losses, before allocations, to NKr106m *from NKr30m while Christi*ania Re expanded losses to NKr165m from NKr16m.

During the past three years, Uni injected about NKr1bn in capital into the *reserves of* these units to keep them running.

But Uni said its shareholders would benefit more if reinsurance was divested *from the* group so that it could concentrate on core businesses of life assurance, non-life and asset management.

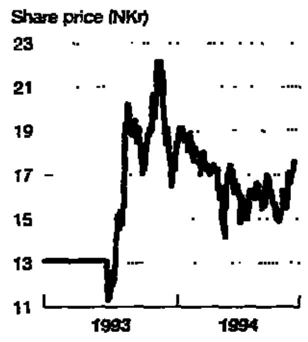
Existing shareholders will be offered pre-emptive rights to subscribe to shares of the new company but Uni could take a 10 per cent stake.

Uni will recapitalise reinsurance with "a couple of hundred *million kroner" and seek a* guarantee from its largest shareholders for the disposal of 90 per cent of the new company's shares.

A prospectus is to be issued this month. It hopes to complete the operation before the summer.

Uni Storebrand

Share price (NKr)



Source: FT Graphite

Losses widen at Nissan in first half

By Michiyo Nakamoto in Tokyo

Nissan, Japan's second largest carmaker, reported a sharp drop in non-consolidated revenues and a wider loss as it was battered by poor sales at home and the sharp appreciation of the yen in the first half of the year.

Sales for the period dropped 12 per cent to Y1,568.8bn *($16.1bn) from* Y1,781.8bn a year ago, while operating losses ballooned to Y82.6bn from Y38.6bn. Recurring losses – before extraordinary items and tax – *widened to Y57.9bn* from Y28.9bn previously. Net losses increased to Y53.7bn *from Y32.8bn*, and the company again passed its interim dividend.

Nissan's losses came in spite *of an increase in sales of secu*rities in the period amounting to Y32.8bn compared with Y13.1bn in the previous first half.

Mr Heiichi Hamaoka, executive managing director, described the results as providing "a very regrettable image" of the company. However, he added that Nissan expected to be able to return to the black *at the operating level* in the second half of the year and the company would pay a Y7 dividend for the year, equivalent to the amount paid last year.

*The better result in the sec*ond half is expected to come as a result of Nissan's strenuous rationalisation measures, which are achieving their targets earlier than expected, a recovery in domestic demand *that has been building up over* the past few months and new product launches. The impact of the yen's rise is expected to slow.

During the period, Nissan tried to reduce inventory levels and improve the profitability of its dealers, Mr Hamaoka said.

At the same time, cost-cutting measures, combined with *price increases*, allowed Nissan to counter the adverse impact of the yen's sharp appreciation on its overseas operations. Every Y1 increase in the value *of the yen against the dollar*, wipes about Y7bn off Nissan's revenues. The group expected to deal with the yen's rise, to a certain extent, through rationalisation and prices rises, Mr Hamaoka said.

The biggest difficulty Nissan had in the first six months was *selling its cars in Japan*, including those which had model changes, as a result of the large inventory levels at its dealers.

The company's luxury cars in particular were shunned by Japanese consumers who have become increasingly sensitive to price. Domestic sales plunged nearly 19 *per cent* while exports were down only 2.7 per cent *under the impact* of the high yen.

Nissan has revised down its *full-year forecast for recurring* and net profits. Instead of breaking even at the recurring level, Nissan expects to post a recurring loss of Y60bn and a net loss of Y65bn on sales of Y3,400bn.

Ikea to invest heavily on stores in China

By Hugh Carnegy in Stockholm

Ikea, the furniture retailer, said yesterday it had decided to launch a heavy investment programme in China. It plans to open up to 10 stores as well as expanding production facilities in the country.

Mr Anders Moberg, Ikea's chief executive, said the move was one of the company's biggest *investment projects that* could total SKr2bn ($272m) over the next 10 years.

Ikea, owned by the Swedish Kamprad family but now based in Denmark and the Netherlands, plans to open the first stores in Beijing, Zhezhen and Guangzhou. Mr Moberg said he hoped the first store would open by the end of 1996, but he said it was not yet decided in which city it would stand.

The stores, at a cost of about SKr150m each, will be built and run by Ikea. The group will spend up to SKr500m in expanding production facilities in China through joint ventures with local partners. It operates two *joint venture* operations in the country, supplying wooden furniture to Ikea outlets elsewhere.

Ikea, founded in 1943 by the Kamprads, has expanded rapidly worldwide over the past decade based on its formula of keenly-priced furniture built to *low-frills, but stylish, Swedish* designs. Annual turnover has more than trebled since 1984 to *SKr36.5bn this year as the* number of stores doubled to more than 120 in 25 countries.

NEWS DIGEST

Danish shipyard shares suspended on alliance talks

Shares in Burmeister & Wain, the Danish *shipyard, were suspended on the Copenhagen* stock exchange yesterday, at the company's own request, after it said it was negotiating an alliance with the Swedish marine industrial group Kockums, of Malmo, writes Hilary *Barnes in Copenhagen.*

B & W said the two groups had signed a memorandum of agreement which included a provision for a financial engagement in B & W by the Swedish group. The Copenhagen group, *which made a net profit of DKr132m ($22.2m)* in 1993 on turnover of DKr2.3bn, said it would make a deficit of DKr275m in 1994 and a loss of at least the same order in 1995.

Kockums, which was once a leading Euro*pean builder of large oil tankers, is today a* subsidiary of Celsius, the state-controlled defence industry group. It is a diversified marine industrial group with construction of naval submarines as one of its leading activities. Kockums had a turnover of SKr2.3bn ($313.3m) and made a net profit of Skr170m last year.

Institutions rush for Renault equity

Institutional investors applied for 15.5 times the number of shares that have been allocated to them in the partial privatisation of Renault, the French motor group, the government said *yesterday, writes Andrew Jack in Paris.*

Applications closed on Thursday night for the 25m shares earmarked for institutions at FFr176 a share, and the over-subscription will trigger a complex system of distribution.

Meanwhile, an intensive advertising campaign aimed at attracting individual investors has been launched. Private investors have been allocated 60 per cent of the 62m shares in the group that are being floated, and can buy *them at FFr165 each.*

The offer to individuals is open until November 10, after which allocation *will take place in* the middle of the month before trading begins.

Reliance Electric opts for General Signal

Reliance Electric, the US industrial motor company which is the target of a bid battle between industrial groups General Signal and Rockwell International, said yesterday it supported *the lower of the two bids, from General* Signal, writes Tony Jackson in New York.

Reliance agreed a $1.3bn merger with Gen*eral Signal* in August, and the *offer* was capped last month by a $1.5bn hostile offer from the much larger Rockwell.

Reliance said under the terms of its merger agreement with General Signal, the latter was entitled to a $50m fee if its offer was terminated. Taken with the "many uncertainties and conditions" attached to the Rockwell offer, the Reliance board said it was "unable to take a position" on the offer. It said the General Signal offer was "an attractive transaction, with significant benefits for Reliance shareholders".

Rockwell said yesterday it was clear it had made the best offer, and that it intended to proceed. Rockwell's offer is in cash, General Signal's in shares.

Coles Myer debt rating lowered by S&P

Coles Myer, Australia's largest retailing group, has had its long and short-term debt ratings lowered by Standard & Poor's, the US-based credit rating agency, writes Nikki Tait in Sydney. The long-term rating was cut from AA- to A, *and the short-term rating from A-1+ to A-1.*

S&P said the retailer's financial risk had been increased by the A$1.26bn (US$941m) repurchase of the 21.45 per cent of its equity which had previously been owned by Kmart, the US stores group. Coles announced that the deal – in two separate parts – was completed yesterday and that payment of the A$1.26bn had gone ahead.

As a result, three Kmart appointees to the Coles board – Mr Joseph Antonin, *Mr Thomas* Watkins and Mr Thomas Murasky – resigned as directors of the Australian group.

S&P added that profitability and cash-flow from operating businesses reflected the strength of the company's market position, but noted if the entire block of Kmart shares was cancelled, *the company's gearing – measured* as total liabilities to total tangible assets – would exceed internal targets of 55 per cent to 60 per cent.

Coles pointed out the possible downgrading *had been taken into consideration when* assessing the effects of the buy-back, and was expected to have a minimal impact on profitability.

South Africa plans global bond in dollars

South Africa has taken an important step to return to the international capital markets with the announcement that it plans a global bond denominated in US dollars *jointly* managed by Goldman Sachs, the US securities house, and Swiss Bank Corporation, writes Martin Brice in London.

Goldman Sachs has been acting as financial adviser to the South African government this year during the rating process and the filing in the US of the $2bn "shelf registration statement", which means the Republic may issue up to that amount in bonds.

Rothmans Holdings drops 6.7% to A$59m

Rothmans Holdings, the Australian-based cigarette company, has reported a pre-tax profit of A$59.05m (US$44.1m) in the six months to end-September, down 6.7 per cent on the same period of the previous year, writes Nikki Tait. Sales were 2.5 per cent higher at A$752.8m. Profit after tax was static at A$37.7m.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

LME trade continues to grow

The London Metal Exchange announced yesterday that its tenure of its old premises ended last week with the recording of yet another monthly volume record. And it is confident that the trend will continue on the bigger trading floor in Fenchurch Street, to which it moved on Monday.

The October trading total of 4.458m contracts beat the September figure by 566,000 and took the total for the year so far to 38.62m, already ahead of the 1993 full-year figure of 35.28m. The exchange has forecast volume growth over the coming year at between 20 and 50 per cent.

The investment fund participation that has fuelled this year's impressive rise in both trading activity and price levels on the exchange was very much in evidence again this week. All contracts set fresh records for the recent buying spree. Copper, aluminium and lead prices reached the highest levels for four years; nickel touched 2¼-year highs; and tin and zinc scaled two-year peaks.

End-week profit-taking trimmed gains yesterday morning but there was renewed buying after lunch and all the markets ended with their uptrends intact.

An increasingly prominent feature was the tightening squeeze on copper supplies. The fall in LME warehouse stocks of the metal over the past few months had taken the total to a below-par level equivalent to five and a half weeks consumption, said William Adams, analyst at London broker Rudolf Wolff. And another analyst, Wiktor Bielski of Bain & Company, pointed out that most of this metal was held in Europe, rather than the US, where demand was heaviest.

Early last month concern over the stocks decline pushed the copper market into "backwardation" – where there is a premium for nearby delivery – a reversal of the normal "contango" position in which the costs of holding physical metal – principally lost interest, warehousing and insurance – are reflected in nearby discounts. As it became apparent this week there some market players were seriously short of metal the cash/three months backwardation widened from last Friday's $21.50 a tonne to $55 at one point.

Three months copper closed yesterday at $2,693.50 a tonne, down $11 on the day but $35 up on the week. It had earlier dipped to $2,655, reflecting a smaller-than-expected fall in LME stocks, but the squeeze factor prevented selling pressure from seriously threatening the uptrend.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-32,525	to 1,991,850
Aluminium alloy	+80	to 25,600
Copper	-875	to 332,225
Lead	-200	to 369,575
Nickel	+600	to 150,420
Zinc	+8,175	to 1,218,275
Tin	+60	to 30,325

Aluminium stocks dropped below the 2m-tonne mark for the first time since August last year, but the 35,525-tonne fall was in line with expectations and had no discernible market impact. Prices followed the downward trend early on but then recovered. The three months price closed at $1,884.50 a tonne, up $2.50 on the day and $57 on the week, but $23.50 below Thursday's peak.

At the London Commodity Exchange coffee futures were nervous ahead of the official assessment of Brazil's 1995-96 crop prospects following this year's frost's and drought, which is expected to be released this weekend.

Selling was encouraged by a forecast from US banker Morgan Stanley that the crop would be between 20m and 22m bags (60kg each), much higher than the Brazilian authorities' post-frost projection of 13m-15m bags. But buying was attracted at the lows and the January delivery position, after dipping to $3,315 a tonne on Thursday, recovered to end the week at $3,405, down $52 on balance.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1994 High	1994 Low
Gold per troy oz.	$384.00	-2.90	$376.75	$396.50	$369.50
Silver per troy oz	328.50p	+0.20	303.50p	384.50p	328.30p
Aluminium 99.7% (cash)	$1863.0	+57.5	$1046.25	$1863.0	$1107.50
Copper Grade A (cash)	$2734.5	+54.5	$1653.50	$2754.5	$1731.50
Lead (cash)	$673.0	+16.0	$399.50	$675.0	$426.0
Nickel (cash)	$7485.0	+262.0	$4722.5	$7500.0	$5210.0
Zinc SHG (cash)	$1157.5	+43.0	$937.5	$1162.0	$900.6
Tin (cash)	$6230.0	+340.0	$4780.0	$6270.0	$4730.0
Cocoa Futures Mar	£973	-13	£937	£1124	£859
Coffee Futures Jan	$3408	-80	$1230	$4091	$1175
Sugar (LDP Raw)	$328.3	+7.0	$275.3	$328.3	$252.9
Barley Futures Jan	£102.85	-0.95	£103.25	£105.50	£92.65
Wheat Futures Jan	£105.90	-1.40	£99.10	£117.50	£97.80
Cotton Outlook A Index	75.75c	-0.10	54.15c	87.10c	62.45c
Wool (64s Super)	440p	-11	361p	485p	342p
Oil (Brent Blend)	$17.68z	+0.77	$15.98	$18.61	$13.16

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. z Dec

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

	Cash	3 mths
■ ALUMINIUM, 99.7 PURITY ($ per tonne)		
Close	1862.5-3.5	1884-5
Previous	1860-2	1881-3
High/low		
AM Official	1849.5-50	1872-2.5
Kerb close		N/A
Open int.	N/A	
Total daily turnover	N/A	
■ ALUMINIUM ALLOY ($ per tonne)		
Close	1845-55	1880-90
Previous	1840-50	1870-80
High/low		
AM Official	1840-1	1875-8
Kerb close		N/A
Open int.	N/A	
Total daily turnover	N/A	
■ LEAD ($ per tonne)		
Close	672.5-3.5	687-8
Previous	674.5-5.5	689-90
High/low		
AM Official	673-4	688-9
Kerb close		N/A
Open int.	N/A	
Total daily turnover	N/A	
■ NICKEL ($ per tonne)		
Close	7480-90	7590-600
Previous	7495-505	7610-5
High/low		
AM Official	7459-60	7565-70
Kerb close		N/A
Open int.	N/A	
Total daily turnover	N/A	
■ TIN ($ per tonne)		
Close	6225-35	6320-5
Previous	6265-75	6360-5
High/low		
AM Official	6165-75	6260-5
Kerb close		N/A
Open int.	N/A	
Total daily turnover	N/A	
■ ZINC, special high grade ($ per tonne)		
Close	1157-8	1178-9
Previous	1161.5-2.5	1183-4
High/low		
AM Official	1151-2	1172-3
Kerb close		N/A
Open int.	N/A	
Total daily turnover	N/A	
■ COPPER, grade A ($ per tonne)		
Close	2734-5	2693-4
Previous	2754-5	2704-5
High/low		
AM Official	2723-4	2680-1
Kerb close		N/A
Open int.	N/A	
Total daily turnover	N/A	

■ LME AM Official £/$ rate: 1.6118
LME Closing £/$ rate: N/A

Spot:1.6105 3 mths:1.6092 6 mths:1.6070 9 mths:1.6043

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Nov	128.10	+3.10	128.20	126.30	1,338	312
Dec	126.70	+3.00	127.20	124.50	40,187	9,880
Jan	125.50	+2.70	125.20	125.20	928	90
Feb	124.25	+2.45	-	-	582	33
Mar	123.00	+2.40	123.40	121.10	9,420	1,466
Apr	121.25	+2.00	-	-	712	18
Total					61,710	11,881

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	383.80-384.20	
Opening	383.80-384.20	
Morning fix	383.90	238.137
Afternoon fix	383.80	238.578
Day's High	384.00-384.40	
Day's Low	382.50-382.90	
Previous close	383.50-383.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....4.51 6 months 5.17
2 months ....4.82 12 months 5.54
3 months 4.90

Silver Fix	p/troy oz.	US cts equiv.
Spot	326.90	526.50
3 months	331.85	534.05
6 months	336.85	541.55
1 year	349.80	560.15
Gold Coins	**$ price**	**£ equiv.**
Krugerrand	386-389	239-242
Maple Leaf	394.40-396.90	-
New Sovereign	90-93	56-59

Precious Metals continued

	Sett price	Day's change	High	low	Open int	Vol.
■ GOLD COMEX (100 Troy oz.; $/troy oz.)						
Nov	383.5	+0.4	-	-	7	14
Dec	384.7	+0.3	385.3	383.5	84,169	9,684
Jan	386.4	+0.3	-	-	-	-
Feb	388.4	+0.4	389.0	387.3	30,471	268
Apr	392.1	+0.4	392.8	391.9	9,886	50
Jun	395.8	+0.4	398.4	394.5	10,341	644
Total					163,510	11,501
■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)						
Jan	418.8	-0.6	420.5	417.6	18,214	1,136
Apr	423.4	-0.5	425.0	423.5	4,631	14
Jul	428.1	-0.5	-	-	1,803	2
Oct	433.2	-0.5	-	-	497	-
Jan	436.2	-0.5	-	-	10	-
Total					25,156	1,152
■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)						
Dec	161.25	-0.30	161.75	161.00	4,571	527
Mar	162.95	-0.30	163.00	162.95	2,766	112
Jun	163.95	-0.30	-	-	465	-
Sep	164.70	-0.30	-	-	31	-
Total					7,833	639
■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)						
Nov	524.3	-2.5	-	-	-	-
Dec	528.2	-2.5	532.5	524.0	71,608	10,930
Jan	528.8	-2.5	532.0	532.0	88	1
Mar	534.8	-2.4	541.0	532.5	20,557	866
May	540.8	-2.3	545.5	540.0	4,722	227
Jul	547.1	-2.2	551.0	547.0	4,216	147
Total					113,535	12,806

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	19.07	+0.17	19.19	18.90	84,992	52,542
Jan	18.75	+0.16	18.86	18.57	76,013	29,176
Feb	18.58	+0.22	18.63	18.36	38,942	12,904
Mar	18.39	+0.15	18.45	18.25	25,862	4,794
Apr	18.31	+0.17	18.36	18.20	17,671	2,824
May	18.21	+0.14	18.25	18.21	12,156	1,465
Total	[illegible]					

■ CRUDE OIL IPE ($/barrel) [illegible]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.) [illegible]

■ GAS OIL IPE ($/tonne) [illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu) [illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.) [illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne) [illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel) [illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel) [illegible]

■ BARLEY LCE (£ per tonne) [illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel) [illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb) [illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton) [illegible]

■ POTATOES LCE (£/tonne) [illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]						
Jul	1417	-11	-	-	132	-
Oct	1444	-4	-	-	17	-
Total					2,674	116

	Close	Prev
BFI	1848	1852

Wool

The wool market, which was accelerating very close to a new seasonal peaks under the lead of finer merinos in Australia, turned easier this week. The merinos which previously had risen so strongly eased most sharply, while broader types maintained steadiness. The week closed with some uncertainty about whether the worst was over or not. The market indicator in Australia fell from 802 to 781c/kg. Many in the trade still express long-term confidence in the supply/demand outlook as a basis for firm prices, but when it comes to day-to-day trading everyone agrees that price rises in recent months have been very difficult to pass on. There is also talk of increasing use of man-made fibres in blends, as wool gets dearer.

The spices report was not available for this edition

SOFTS

■ COCOA LCE (£/tonne) [illegible]

■ COCOA CSCE (10 tonnes; $/tonnes) [illegible]

■ COCOA (ICCO) (SDR's/tonne) [illegible]

■ COFFEE LCE ($/tonne) [illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) [illegible]

■ COFFEE (ICO) (US cents/pound) [illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs) [illegible]

■ WHITE SUGAR LCE ($/tonne) [illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs) [illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]						
Oct	70.35	-0.07	-	-	6,960	4
Dec	69.37	-0.07	69.60	69.35	2,954	137
Total					54,938	6,197

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Nov	108.10	-0.50	108.30	108.00	565	183
Jan	112.15	-0.80	113.45	111.80	14,898	1,899
Mar	115.70	-0.75	116.95	115.30	5,372	232
May	118.95	-0.65	119.80	119.00	1,628	233
Jul	122.45	-0.15	-	-	911	1
Sep	124.95	-0.20	125.75	125.00	692	131
Total					25,423	2,738

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Nov 4	Nov 3	month ago	year ago
2098.6	2104.2	2082.2	1613.1

■ CRB Futures (Base: 1967=100)

Nov 3	Nov 2	month ago	year ago
233.92	234.61	230.26	219.22

MEAT AND LIVESTOCK

	Sett price	Day's change	High	Low	Open int	Vol
■ LIVE CATTLE CME (40,000lbs; cents/lbs)						
Dec	70.425	+0.175	70.575	70.100	30,402	4,739
Feb	69.325	+0.176	69.450	69.020	21,052	1,537
Apr	69.625	+0.050	69.850	69.425	14,073	1,089
Jun	65.500	-0.100	65.650	65.400	4,830	301
Aug	64.450	-0.150	64.650	64.400	1,507	45
Oct	65.100	-0.275	65.400	65.100	231	3
Total					72,160	7,713
■ LIVE HOGS CME (40,000lbs; cents/lbs)						
Dec	33.400	-0.775	34.400	33.300	17,985	3,431
Feb	36.650	-0.300	37.400	36.600	8,912	2,036
Apr	36.950	-0.100	37.450	36.900	4,787	970
Jun	42.500	-0.100	42.675	42.300	2,243	382
Aug	42.050	+0.100	42.200	41.900	424	34
Oct	38.950	+0.150	39.200	38.760	365	79
Total					35,391	7,823
■ PORK BELLIES CME (40,000lbs; cents/lbs)						
Feb	41.825	-0.375	42.700	41.700	8,126	1,847
Mar	42.050	-0.350	42.750	41.950	1,257	193
May	42.750	-0.375	43.600	42.780	314	39
Jul	43.800	-0.400	44.400	43.800	337	17
Aug	42.850	-0.560	-	42.700	77	8
Total					10,111	2,102

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	**Dec**	**Mar**	**Dec**	**Mar**
1850	-	-	-	-
1875	-	-	-	-
1900	-	-	-	-
■ COPPER (Grade A) LME	**Dec**	**Mar**	**Dec**	**Mar**
2600	-	-	-	-
2650	-	-	-	-
2700	-	-	-	-
■ COFFEE LCE	**Jan**	**Mar**	**Jan**	**Mar**
3400	220	316	212	338
3450	200	298	242	370
3500	181	281	273	403
■ COCOA LCE	**Dec**	**Mar**	**Dec**	**Mar**
950	14	67	18	44
975	6	54	33	58
1000	2	44	54	71
■ BRENT CRUDE IPE	**Nov**	**Dec**	**Nov**	**Dec**
1650	122	103	4	39
1700	74	79	8	63
1750	43	54	21	87

LONDON SPOT MARKETS

		+or-
■ CRUDE OIL FOB (per barrel/Dec)		
Dubai	$16.27-6.37z	+0.045
Brent Blend (dated)	$17.99-8.01	+0.06
Brent Blend (Dec)	$17.87-7.89	+0.09
W.T.I. (1pm est)	$18.84-8.85z	
■ OIL PRODUCTS NWEprompt delivery CIF (tonne)		
Premium Gasoline	$181-182	-2.0
Gas Oil	$156-157	
Heavy Fuel Oil	$100-102	
Naphtha	$172-174	+2.0
Jet fuel	$182-183	+1.0
Diesel	$163-165	+1.0
Petroleum Argus. Tel. London (071) 359 8792		
■ OTHER		
Gold (per troy oz)♣	$384.00	+0.30
Silver (per troy oz)♣	529.5c	
Platinum (per troy oz.)	$415.75	-2.50
Palladium (per troy oz.)	$160.00	-1.25
Copper (US prod.)	130.0c	-2.0
Lead (US prod.)	40.25c	
Tin (Kuala Lumpur)	16.08c	+0.41
Tin (New York)	291.5c	-1.5
Cattle (live weight)†	117.65p	+0.19*
Sheep (live weight)†♠	101.55	+6.53*
Pigs (live weight)	77.37p	+2.84*
Lon. day sugar (raw)	$328.30	+1.10
Lon. day sugar (wte)	$370.00	+0.50
Tate & Lyle export	£317.00	+3.00
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	Unq.	
Wheat (US Dark North)	Unq.	
Rubber (Dec)♥	86.25p	
Rubber (Jan)♥	85.75p	
Rubber (KL RSS No1 Jul)	340.0m	-0.5
Coconut Oil (Phil)§	$700.0v	+17.5
Palm Oil (Malay.)§	$675.0t	+12.5
Copra (Phil)§	$430.0v	+15.0
Soyabeans (US)	£154.0v	
Cotton Outlook'A' Index	75.75c	-0.15
Wooltops (64s Super)	440p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Oct/Dec. v Nov/Dec. u Oct/Nov. z Dec. t Nov. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week © Prices are for previous day.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	90.6200	+0.120	10.55	10.48	10.20
Belgium		7.750	10/04	95.3100	+0.610	8.46	8.46	8.57
Canada *		6.500	06/04	83.0500	-0.050	9.20	9.06	9.07
Denmark		7.000	12/04	87.3200	+0.520	8.96	8.96	9.04
France	BTAN	8.000	05/98	101.2500	+0.250	7.64	7.55	7.59
	OAT	5.500	04/04	82.4100	+0.630	8.24	8.27	8.22
Germany Treu		7.500	09/04	98.2600	+0.290	7.60	7.56	7.72
Italy		8.500	08/04	81.4500	+0.280	11.74†	11.58	11.98
Japan	No 119	4.800	06/99	102.5530	-	4.06	4.12	4.11
Japan	No 164	4.100	12/03	96.3230	-	4.68	4.74	4.76
Netherlands		7.250	10/04	97.4300	+0.230	7.63	7.58	7.66
Spain		8.000	05/04	81.2300	+0.060	11.29	11.14	11.25
UK Gilts		6.000	08/99	90-09	+7/32	8.51	8.58	8.56
		6.750	11/04	87-11	+6/32	8.65	8.67	8.73
		9.000	10/08	103-02	+9/32	8.62	8.64	8.71
US Treasury *		7.250	08/04	95-00	-9/32	7.99	7.81	7.75
		7.500	11/24	93-01	-8/32	8.12	7.97	7.95
ECU (French Govt)		6.000	04/04	83.3600	+0.430	8.64	8.67	8.75

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. *Source: MMS International*

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

[illegible]

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) [illegible]

■ LONG TERM FRENCH BOND OPTIONS (MATIF) [illegible]

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100% [illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100% [illegible]

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE) Lira 200m 100ths of 100% [illegible]

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100% [illegible]

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF) [illegible]

UK

■ NOTIONAL UK GILT FUTURES (LIFFE) £50,000 32nds of 100% [illegible]

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
101	1-01	2-01	0-51	2-37
102	0-35	1-36	1-21	3-08
103	0-15	1-11	2-02	3-47

[illegible]

Ecu

■ ECU BOND FUTURES (MATIF) [illegible]

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	96-27	96-25	-0-01	[illegible]			
Mar	96-06	96-05	-	[illegible]			
Jun	[illegible]						

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100% [illegible]

FT-ACTUARIES FIXED INTEREST INDICES

[illegible]

FT FIXED INTEREST INDICES

[illegible]

GILT EDGED ACTIVITY INDICES

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

TODAY: Jordan parliament starts debating peace treaty with Israel.

TOMORROW: Confederation of British Industry holds annual conference in Birmingham (until November 8).

MONDAY: Credit business (September). Index of production (September). US consumer credit (September). European Union finance ministers meet in Brussels. G10 central bank governors meet in Switzerland. Bosnian republican and federation parliaments meet in Sarajevo. Mr Yohei Kono, Japan's foreign minister, gives lecture on "How to build up new international co-operation" on the first day of a three-day symposium "A Message from Japan" in Tokyo.

TUESDAY: Cyclical indicators for the UK economy (October - first estimate). US wholesale trade (September). German employment data. European Union industry ministers meet in Brussels to discuss plans for restructuring Europe's steel industry. Elections to the US Senate and House of Representatives. Fourth Mongolia Assistance Group meeting in Tokyo. Interim statements from British Airways, SG Warburg and Marks & Spencer.

WEDNESDAY: Balance of visible trade (August). Index of production for Scotland (second quarter). Sri Lankan presidential election. Annual inventors fair in Brusssels (until November 15). Interim statements from Cable & Wireless and Amersham International.

THURSDAY: New earnings survey 1994 Part D: analyses by occupation. Analysis of bank lending to UK residents (third quarter). US producer price index (October). Gatt's governing council due to hold two-day monthly meeting in Geneva. Mr Wilfred Aquilina, former finance director at Brent Walker, to be sentenced on false accounting charge. Bundesbank council meets. Interim statements from BT, Royal Dutch, Shell Transport and Royal Insurance.

FRIDAY: Usable steel production (October). Capital issues and redemptions (October). Apec ministerial meeting in Jakarta (until November 12). European parliament due to ratify Austria's European Union membership. Strike by Bank of Italy employees. The Queen inaugurates the Thames Water ring main.

CURRENCIES AND MONEY

MARKETS REPORT

Dollar steady

The dollar traded steadily on the markets yesterday, with a climactic week for the currency ending in a whimper, *writes Philip Gawith.*

The focus of attention – the October employment report – was softer than market expectations. This calmed market nerves, and reduced expectations of the Fed raising interest rates before the November 15 meeting of the Federal Open Market Committee.

The dollar finished in London at DM1.5235, from DM1.5146 and at Y97.8, from Y97.605. Earlier in the week, the Fed had intervened repeatedly, spending a rumoured $2bn to support the dollar.

In Europe, the French franc weakened slightly after Mr Jacques Chirac announced his candidacy for the presidency next year. Some analysts fear that a stand-off between him and the prime minister, Mr Eduard Balladur, might let in the Socialist candidate, probably Mr Jacques Delors, currently president of the European commission.

The combination of a firmer dollar, and a stable D-Mark, saw sterling weaken slightly, with the trade weighted index finishing at 80.6 from 80.9.

■ Although the headline figure of the employment report was better than expected, some of the underlying figures testified to latent inflationary pressures. While bonds were undermined, the dollar did not follow suit.

■ **Pound in New York**

Nov 4	Latest	Prev. close
£ spot	1.6120	1.6175
1 mth	1.6113	1.6167
3 mth	1.6110	1.6160
1 yr	1.6044	1.6082

This breach of the recent pattern was clear testimony to the impact of Fed intervention on the markets. Mr Ian Gunner, international economist at Chase Manhattan in London, commented: "What intervention has done is put people off selling the dollar until it becomes clear what the Fed is going to do."

The expectation is that the dollar will trade in a narrow range until the FOMC meeting.

Mr Hans Tietmeyer, president of the Bundesbank, yesterday lent verbal support to the dollar. He told a London audience that "We are all interested in a stronger dollar." He added, though, that the Bundesbank also believed in a strong D-Mark. "We have no problem with the strong D-Mark," said Mr Tietmeyer.

He was non-committal about whether the Bundesbank would participate in co-ordinated intervention, saying only that signals to the market could play a useful role under "special circumstances". To be successful, though, they had to be based on "consistent and credible policies".

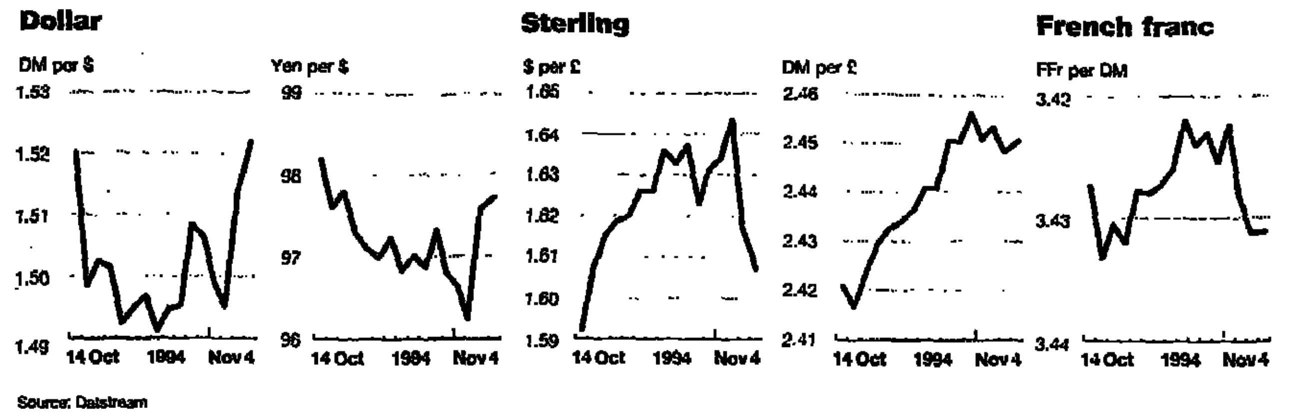
To many in the market, this means higher US interest rates. Whether the market will get what it wants is a moot point. Although most observers believe the Fed should raise interest to curb inflationary pressures, it is not clear that the dollar will feature much in its thinking.

Mr Carl Weinberg, chief economist at High Frequency Economics in New York, comments: "It is a mistake to expect the Fed to hike interest rates to bolster a battered dollar...The Fed's mandate is to maintain domestic price stability, promote economic growth and guard the stability of the financial system."

"For the Fed to hike rates to defend the dollar, it would have to believe that a weakening dollar threatens financial stability or price stability."

■ In the UK, short term interest rates eased as the prospect of a near-term tightening of monetary policy receded. Three month LIBOR fell to 6 1/16 per cent, from 6 3/16 per cent.

In its daily operations, the Bank of England provided £605m of assistance at established rates, and late assistance of about £570m, after forecasting a £1.15bn shortage.



Source: Datastream

POUND SPOT FORWARD AGAINST THE POUND

Nov 4		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.2507	+0.0025	429 - 584	17.3058	17.2225	17.2463	0.3	17.2345	0.4	-	-	115.4
Belgium	(BFr)	50.4027	+0.0911	692 - 361	50.5700	50.3290	50.3727	0.7	50.3027	0.8	50.1627	0.5	117.1
Denmark	(DKr)	9.6067	+0.0084	002 - 132	9.6311	9.5870	9.6043	0.3	9.619	-0.5	9.5986	0.1	117.1
Finland	(FM)	7.5422	+0.0313	325 - 519	7.5620	7.5230	-	-	-	-	-	-	88.5
France	(FFr)	8.4067	+0.0042	016 - 117	8.4350	8.3956	8.4045	0.3	8.3968	0.5	8.3287	0.9	110.3
Germany	(DM)	2.4501	+0.0002	487 - 514	2.4590	2.4458	2.4485	0.8	2.4446	0.9	2.4119	1.6	126.4
Greece	(Dr)	377.835	+0.31	511 - 158	378.972	377.079	-	-	-	-	-	-	-
Ireland	(I£)	1.0140	+0.0033	134 - 145	1.0172	1.0114	1.0138	0.2	1.0134	0.2	1.0153	-0.1	105.5
Italy	(L)	2513.94	-0.46	299 - 489	2526.48	2510.84	2519.54	-2.7	2530.94	-2.7	2581.44	-2.7	74.4
Luxembourg	(LFr)	50.4027	+0.0911	692 - 361	50.5700	50.3290	50.3727	0.7	50.3027	0.8	50.1627	0.5	117.1
Netherlands	(Fl)	2.7500	+0.0023	490 - 510	2.7563	2.7421	2.7486	0.6	2.7442	0.8	2.7097	1.5	121.0
Norway	(NKr)	10.6910	+0.0033	862 - 957	10.7251	10.6759	10.691	0.0	10.6927	-0.1	10.6916	0.0	96.4
Portugal	(Es)	250.389	+0.161	254 - 524	251.231	250.049	252.119	-8.3	255.299	-7.8	-	-	-
Spain	(Pta)	204.324	+0.155	239 - 408	204.839	203.791	204.654	-1.9	209.509	-10.2	207.934	-1.8	85.9
Sweden	(SKr)	11.8529	-0.0235	423 - 635	11.9387	11.8200	11.8719	-1.9	11.9144	-2.1	12.0589	-1.7	75.2
Switzerland	(SFr)	2.0504	+0.0002	491 - 516	2.0562	2.0450	2.0473	1.8	2.0398	2.1	1.9975	2.6	122.4
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.6
Ecu	-	1.2867	-0.0002	861 - 872	1.2909	1.2853	1.2868	0.0	1.287	-0.1	1.2808	0.5	-
SDR†	-	0.914005	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6078	-0.0088	073 - 082	1.6188	1.6047	-	-	-	-	-	-	-
Brazil	(R)	1.3573	-0.0087	554 - 592	1.3671	1.3550	-	-	-	-	-	-	-
Canada	(C$)	2.1819	-0.0164	810 - 827	2.1995	2.1811	2.181	0.5	2.1792	0.5	2.1759	0.3	86.8
Mexico	(New Peso)	5.5136	-0.0442	083 - 188	5.5667	5.3592	-	-	-	-	-	-	-
USA	($)	1.6082	-0.0093	078 - 085	1.6198	1.6055	1.6075	0.5	1.607	0.3	1.6003	0.5	61.6
Pacific/Middle East/Africa													
Australia	(A$)	2.1489	-0.0288	477 - 501	2.1813	2.1445	2.151	-1.2	2.1537	-0.9	2.1676	-0.9	-
Hong Kong	(HK$)	12.4314	-0.0706	283 - 345	12.5194	12.4113	12.4248	0.6	12.4189	0.4	12.3493	0.7	-
India	(Rs)	50.5040	-0.2855	849 - 230	50.8540	50.4290	-	-	-	-	-	-	-
Japan	(Y)	157.278	-0.598	163 - 392	158.300	157.080	156.828	3.4	155.813	3.7	150.578	4.3	189.6
Malaysia	(M$)	4.1225	-0.0178	208 - 242	4.1475	4.1173	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6018	-0.0251	991 - 044	2.6309	2.5977	2.6066	-2.1	2.6157	-2.1	2.6358	-1.3	-
Philippines	(Peso)	39.5605	-0.5536	715 - 495	39.7043	39.4708	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0325	-0.0348	309 - 340	6.0755	6.0227	-	-	-	-	-	-	-
Singapore	(S$)	2.3656	-0.0101	643 - 669	2.3795	2.3633	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.6563	-0.0183	538 - 587	5.6855	5.6473	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	8.5532	-0.0705	357 - 707	8.6402	8.5343	-	-	-	-	-	-	-
South Korea	(Won)	1281.78	-7.28	142 - 214	1290.82	1279.74	-	-	-	-	-	-	-
Taiwan	(T$)	41.8823	-0.2273	711 - 934	42.1642	41.8152	-	-	-	-	-	-	-
Thailand	(Bt)	40.1314	-0.1929	066 - 562	40.3820	40.0810	-	-	-	-	-	-	-

†SDR rates for Nov 4. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 4		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.7270	+0.0635	245 - 295	10.7495	10.6730	10.727	0.0	10.7268	0.0	10.652	0.7	104.5
Belgium	(BFr)	31.3420	+0.2375	280 - 560	31.4100	31.1700	31.3445	-0.1	31.302	0.5	31.202	0.4	106.1
Denmark	(DKr)	5.9738	+0.0398	710 - 765	5.9818	5.9383	5.9779	-0.8	5.9863	-0.8	6.0248	-0.9	105.5
Finland	(FM)	4.6900	+0.0465	850 - 950	4.7056	4.6515	4.6907	-0.2	4.6875	0.2	4.684	0.1	83.0
France	(FFr)	5.2275	+0.0327	255 - 295	5.2413	5.1960	5.2287	-0.3	5.2264	0.1	5.2143	0.3	106.6
Germany	(D)	1.5235	+0.0089	230 - 240	1.5288	1.5130	1.5233	0.2	1.5216	0.5	1.51	0.9	107.3
Greece	(Dr)	234.950	+1.55	800 - 100	235.100	233.700	235.22	-1.4	235.775	-1.4	238.025	-1.3	68.4
Ireland	(I£)	1.5860	-0.0144	855 - 865	1.6021	1.5812	1.586	0.0	1.586	0.0	1.573	0.8	-
Italy	(L)	1563.25	+8.75	300 - 350	1568.00	1557.61	1567.5	-3.3	1575.25	-3.1	1615.75	-3.4	74.7
Luxembourg	(LFr)	31.3420	+0.2375	280 - 560	31.4100	31.1700	31.3445	-0.1	31.302	0.5	31.202	0.4	106.1
Netherlands	(Fl)	1.7101	+0.0114	098 - 103	1.7122	1.6981	1.7102	0.0	1.7081	0.5	1.6965	0.8	105.8
Norway	(NKr)	6.6480	+0.0405	465 - 495	6.6635	6.6147	6.6507	-0.5	6.6635	-0.9	6.6955	-0.7	96.6
Portugal	(Es)	155.700	+1	650 - 750	155.900	155.100	156.325	-4.8	157.45	-4.5	161.95	-4.0	95.1
Spain	(Pta)	127.055	+0.83	030 - 080	127.170	126.300	127.385	-3.1	128.05	-3.1	130.665	-2.8	80.9
Sweden	(SKr)	7.3705	+0.0281	655 - 755	7.3890	7.3370	7.3852	-2.4	7.4145	-2.4	7.5545	-2.5	80.2
Switzerland	(SFr)	1.2750	+0.0075	745 - 755	1.2770	1.2655	1.2738	1.2	1.2697	1.7	1.2508	1.9	107.9
UK	(£)	1.6082	-0.0093	078 - 085	1.6198	1.6055	1.6075	0.5	1.607	0.3	1.6003	0.5	89.3
Ecu	-	1.2499	-0.0071	496 - 501	1.2572	1.2467	1.2493	0.6	1.2489	0.3	1.2471	0.2	-
SDR†	-	1.48215	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	+0.0003	997 - 998	0.9999	0.9995	-	-	-	-	-	-	-
Brazil	(R)	0.8440	-0.0005	430 - 450	0.8450	0.8440	-	-	-	-	-	-	-
Canada	(C$)	1.3568	-0.0023	565 - 570	1.3600	1.3565	1.3566	0.1	1.3571	-0.1	1.363	-0.5	83.4
Mexico	(New Peso)	3.4285	-0.0075	260 - 310	3.4321	3.3310	3.4295	-0.4	3.4313	-0.3	3.4387	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	95.0
Pacific/Middle East/Africa													
Australia	(A$)	1.3363	-0.0101	358 - 367	1.3481	1.3339	1.3386	-0.2	1.3373	-0.3	1.3446	-0.6	86.4
Hong Kong	(HK$)	7.7303	+0.0011	300 - 305	7.7305	7.7295	7.7233	0.1	7.7289	0.1	7.7388	-0.1	-
India	(Rs)	31.4050	+0.005	000 - 100	31.4150	31.4000	31.49	-3.2	31.635	-2.9	-	-	-
Japan	(Y)	97.8000	+0.195	500 - 500	98.0700	97.6000	97.57	2.8	96.97	3.4	94.245	3.6	149.9
Malaysia	(M$)	2.5635	+0.0038	630 - 640	2.5640	2.5590	2.5543	4.3	2.543	3.2	2.6165	-2.1	-
New Zealand	(NZ$)	1.6179	-0.0062	166 - 192	1.6260	1.6166	1.6188	-0.7	1.6207	-0.7	1.626	-0.5	-
Philippines	(Peso)	24.6000	-0.2	500 - 500	24.6500	24.5500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7512	+0.0001	510 - 513	3.7513	3.7510	3.7525	-0.4	3.7566	-0.6	3.7752	-0.6	-
Singapore	(S$)	1.4710	+0.0023	705 - 715	1.4715	1.4685	1.4697	1.1	1.4678	0.9	1.461	0.7	-
S Africa (Com.)	(R)	3.5173	+0.009	165 - 180	3.5180	3.5105	3.5328	-5.3	3.5611	-5.0	3.6378	-3.4	-
S Africa (Fin.)	(R)	4.0750	-0.02	650 - 850	4.1000	4.0650	4.1087	-9.9	4.1675	-9.1	-	-	-
South Korea	(Won)	797.050	+0.1	000 - 100	797.300	797.000	800.05	-4.5	803.55	-3.3	822.05	-3.1	-
Taiwan	(T$)	26.0438	+0.01	425 - 450	26.0450	26.0230	26.0638	-0.9	26.1038	-0.9	-	-	-
Thailand	(Bt)	24.9550	+0.025	450 - 650	24.9650	24.9400	25.0275	-3.5	25.155	-3.2	25.635	-2.7	-

†SDR rate for Nov 4. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Nov 4. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

November 4	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4⅞	4⅞	5⅛	5⅜	6⅜	7.40	4.50	-
week ago	4⅞	4⅞	5⅛	5⅜	6⅜	7.40	4.50	-
France	5⅜	5½	5⅝	5 13/16	6⅜	5.00	-	6.75
week ago	5⅜	5½	5⅝	5 13/16	6⅜	5.00	-	6.75
Germany	4.90	4.95	5.15	5.25	5.60	6.00	4.50	4.85
week ago	4.78	4.95	5.15	5.30	5.65	6.00	4.50	4.85
Ireland	5½	5⅞	5⅞	6⅜	7½	-	-	6.25
week ago	5½	5¾	5⅞	6⅛	7⅛	-	-	6.25
Italy	8¼	8⅜	8¾	9⅜	10⅛	-	7.50	8.20
week ago	8¼	8⅜	8 11/16	9⅜	10⅛	-	7.50	8.20
Netherlands	4.84	5.06	5.24	5.38	5.76	-	5.25	-
week ago	4.84	5.06	5.20	5.34	5.74	-	5.25	-
Switzerland	3⅞	3 13/16	4⅛	4¼	4⅝	6.625	3.50	-
week ago	3⅞	3 13/16	4⅛	4¼	4⅝	6.625	3.50	-
US	4 11/16	5⅛	5 9/16	6	6⅝	-	4.00	-
week ago	4 11/16	5⅛	5⅝	5 15/16	6½	-	4.00	-
Japan	2¼	2¼	2⅜	2 5/16	2¾	-	1.75	-
week ago	2⅜	2¼	2⅜	2 5/16	2¾	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅜	5¾	6 5/16	6 11/16	-	-	-
week ago	-	5⅜	5 11/16	6	6⅝	-	-	-
US Dollar CDs	-	5.06	5.45	5.83	6.47	-	-	-
week ago	-	5.06	5.35	5.71	6.31	-	-	-
SDR Linked Ds	-	3⅞	3⅜	3¾	4	-	-	-
week ago	-	3¾	3⅜	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅞; 3 mths: 5 15/16; 6 mths: 6 5/16; 1 year: 6⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Nov 4	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 13/16 - 4⅞	4 15/16 - 4⅞	5 - 4⅞	5¼ - 5⅛	5⅝ - 5½	6⅜ - 6¼
Danish Krone	5½ - 5¼	5⅝ - 5¼	5 13/16 - 5 11/16	6½ - 6¼	6 13/16 - 6 11/16	7½ - 7⅜
D-Mark	4 15/16 - 4 13/16	4 15/16 - 4 13/16	5 - 4⅞	5 3/16 - 5 1/16	5¼ - 5⅛	5 11/16 - 5 9/16
Dutch Guilder	5 - 4⅞	5 - 4⅞	5 - 4⅞	5 5/16 - 5⅛	5⅜ - 5¼	5¾ - 5⅝
French Franc	5⅜ - 5¼	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5⅝ - 5½	5 13/16 - 5 11/16	6⅜ - 6¼
Portuguese Esc.	9¼ - 9	9 - 8⅞	9⅝ - 9⅜	10¼ - 10	10½ - 10¼	10⅝ - 10⅜
Spanish Peseta	7½ - 7⅜	7⅝ - 7 7/16	7⅝ - 7½	8 - 7 13/16	8⅜ - 8¼	9⅛ - 9
Sterling	5⅞ - 5¾	5¾ - 5½	5 15/16 - 5 13/16	6 1/16 - 6	6½ - 6⅜	7⅜ - 7¼
Swiss Franc	3 13/16 - 3 11/16	3 13/16 - 3 11/16	3¾ - 3⅝	4 1/16 - 3 15/16	4¼ - 4⅛	4⅝ - 4½
Can. Dollar	4⅞ - 4 11/16	5 1/16 - 4⅞	5 3/16 - 5 1/16	5⅝ - 5½	6 3/16 - 6 1/16	7 1/16 - 6 15/16
US Dollar	4¾ - 4⅝	4 13/16 - 4 11/16	5 3/16 - 5 1/16	5¾ - 5⅝	6 1/16 - 5 15/16	6 13/16 - 6 11/16
Italian Lira	9 - 7½	8⅜ - 8¼	8⅜ - 8¼	8¾ - 8⅝	9¼ - 9⅛	10⅛ - 10
Yen	2 5/16 - 2¼	2 5/16 - 2¼	2 11/16 - 2 9/16	2⅜ - 2¼	2½ - 2⅜	2⅞ - 2¾
Asian $Sing	2⅞ - 2¾	2¾ - 2⅝	3 - 2⅞	3⅜ - 3¼	3¾ - 3⅝	4⅛ - 4

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.27	94.27	+0.01	94.29	94.27	9,4713	54,372
Mar	93.84	93.86	+0.02	93.87	93.83	11,073	35,070
Jun	93.42	93.44	+0.04	93.45	93.40	9,152	27,128
Sep	93.01	93.04	+0.04	93.06	93.00	5,271	19,536

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.93	93.93	-0.05	93.93	93.93	53	2488
Mar	-	93.44	-0.04	-	-	0	1386
Jun	92.94	92.94	-0.06	92.94	92.94	43	350
Sep	92.63	92.58	-0.05	92.63	92.63	25	77

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.81	94.83	+0.01	94.85	94.80	14996	156283
Mar	94.52	94.56	+0.02	94.57	94.50	32907	158317
Jun	94.11	94.18	+0.05	94.20	94.10	24154	112973
Sep	93.72	93.79	+0.05	93.80	93.71	9467	77156

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	90.90	91.04	+0.08	91.06	90.90	9565	33458
Mar	90.18	90.38	+0.13	90.39	90.18	6409	30964
Jun	89.63	89.76	+0.14	89.78	89.63	1231	18203
Sep	89.20	89.33	+0.11	89.35	89.20	761	20489

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.86	95.88	+0.01	95.89	95.86	2028	20421
Mar	95.58	95.60	+0.04	95.62	95.54	1236	18763
Jun	95.12	95.20	+0.06	95.20	95.12	210	5159
Sep	94.79	94.83	+0.04	94.85	94.79	24	1963

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.86	93.93	+0.05	93.93	93.86	300	7996
Mar	93.45	93.48	+0.04	93.50	93.42	746	7254
Jun	92.91	92.98	+0.05	93.00	92.91	306	4009
Sep	92.45	92.47	+0.05	92.50	92.45	34	2386

* LIFFE futures traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Nov 4		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.06	16.68	4.861	2.012	4988	5.456	21.21	496.8	405.4	23.51	4.067	1.984	4.329	3.190	312.1	2.554
Denmark	(DKr)	52.47	10	8.751	2.550	1.056	2617	2.863	11.13	260.7	212.7	12.34	2.134	1.041	2.271	1.674	163.8	1.340
France	(FFr)	59.96	11.43	10	2.915	1.206	2991	3.271	12.72	297.9	243.0	14.10	2.439	1.190	2.596	1.913	187.1	1.531
Germany	(DM)	20.57	3.921	3.431	1	0.414	1026	1.122	4.363	102.2	83.39	4.837	0.837	0.408	0.891	0.656	64.20	0.525
Ireland	(I£)	49.70	9.473	8.290	2.416	1	2479	2.712	10.54	246.9	201.5	11.69	2.022	0.986	2.152	1.586	155.1	1.269
Italy	(L)	2.005	0.382	0.334	0.097	0.040	100.	0.109	0.425	9.960	8.126	0.471	0.082	0.040	0.087	0.064	6.257	0.051
Netherlands	(Fl)	18.33	3.493	3.057	0.891	0.369	914.2	1	3.887	91.05	74.29	4.309	0.745	0.364	0.793	0.585	57.20	0.468
Norway	(NKr)	47.15	8.986	7.863	2.292	0.949	2352	2.572	10	234.2	191.1	11.09	1.918	0.935	2.041	1.504	147.1	1.204
Portugal	(Es)	20.13	3.836	3.357	0.978	0.405	1004	1.098	4.269	100.	81.58	4.732	0.819	0.399	0.871	0.642	62.82	0.514
Spain	(Pta)	24.67	4.702	4.115	1.199	0.496	1231	1.346	5.233	122.6	100.	5.800	1.003	0.489	1.068	0.787	76.99	0.630
Sweden	(SKr)	42.53	8.106	7.094	2.068	0.856	2122	2.321	9.021	211.3	172.4	10	1.730	0.844	1.841	1.357	132.7	1.086
Switzerland	(SFr)	24.59	4.686	4.100	1.195	0.495	1226	1.341	5.215	122.1	99.66	5.780	1	0.488	1.064	0.784	76.73	0.628
UK	(£)	50.40	9.606	8.406	2.450	1.014	2514	2.750	10.69	250.4	204.3	11.85	2.050	1	2.182	1.608	157.3	1.287
Canada	(C$)	23.10	4.402	3.852	1.123	0.465	1152	1.260	4.899	114.8	93.63	5.431	0.940	0.458	1	0.737	72.09	0.590
US	($)	31.34	5.974	5.228	1.524	0.631	1563	1.710	6.648	155.7	127.1	7.369	1.275	0.622	1.357	1	97.82	0.800
Japan	(Y)	32.04	6.107	5.344	1.558	0.645	1598	1.748	6.796	159.2	129.9	7.533	1.303	0.636	1.387	1.022	100.	0.818
Ecu		39.16	7.464	6.531	1.904	0.788	1953	2.137	8.306	194.6	158.7	9.207	1.593	0.777	1.695	1.249	122.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Nov 4	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14687	-0.00113	-2.27	5.84	-
Belgium	40.2123	39.4024	-0.0097	-2.01	5.56	15
Ireland	0.808628	0.792239	+0.001628	-2.03	5.57	14
Germany	1.94964	1.91519	-0.00104	-1.77	5.29	-
France	6.53883	6.57178	+0.00436	0.50	2.92	-4
Denmark	7.43679	7.50001	-0.00308	0.85	2.56	-6
Portugal	192.854	195.644	-0.24	1.45	1.96	-10
Spain	154.250	159.547	-0.112	3.43	0.00	-24
NON ERM MEMBERS						
Greece	264.513	295.095	-0.198	11.56	-7.29	-
Italy	1793.19	1965.39	-0.91	9.60	-5.63	-
UK	0.786749	0.781459	+0.001288	-0.67	4.13	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads, the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	93.96	93.94	-0.02	94.03	93.90	106,658	416,107
Mar	93.45	93.44	-0.03	93.53	93.42	122,945	406,363
Jun	92.99	92.95	-0.04	93.06	92.92	78,429	295,843

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.56	94.53	-0.02	94.59	94.49	1,238	17,304
Mar	94.04	94.00	-0.04	94.06	93.95	243	10,331
Jun	-	93.50	-	93.61	93.49	72	5,929

All Open interest figs. are for previous day

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6590	0.6565	-0.0028	0.6610	0.6545	44,771	84,742
Mar	0.6605	0.6583	-0.0023	0.6605	0.6565	522	5,592
Jun	0.6605	0.6600	-0.0019	0.6605	0.6600	2	1,256

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0288	1.0261	-0.0012	1.0288	1.0233	32,247	62,308
Mar	1.0338	1.0348	-0.0013	1.0355	1.0325	439	7,722
Jun	-	1.0455	-	-	1.0455	13	765

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7895	0.7861	-0.0040	0.7919	0.7842	22,752	38,681
Mar	0.7905	0.7902	-0.0036	0.7915	0.7877	176	2,113
Jun	-	0.7940	-	-	0.7940	6	178

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.6186	1.6106	-0.0060	1.6198	1.6040	13,758	44,862
Mar	1.6066	1.6100	-0.0054	1.6110	1.6030	81	651
Jun	-	1.6050	-	-	1.6040	1	17

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	Calls Nov	Calls Dec	Calls Jan	Puts Nov	Puts Dec	Puts Jan
1.550	5.89	6.14	6.34	-	0.27	0.65
1.575	3.46	4.10	4.48	0.03	0.71	1.27
1.600	1.40	2.48	2.94	0.38	1.53	2.21
1.625	0.27	1.32	1.85	1.75	2.80	3.49
1.650	0.02	0.62	1.07	3.90	4.58	5.17
1.675	-	0.24	0.57	6.35	6.69	7.14

Previous day's vol., Calls 57,937 Puts 12,150. Prev. day's open int., Calls 422,871 Puts 426,510

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	Calls Nov	Calls Dec	Calls Jan	Calls Mar	Puts Nov	Puts Dec	Puts Jan	Puts Mar
9475	0.10	0.12	0.08	0.12	0.02	0.04	0.27	0.31
9500	0.01	0.03	0.03	0.05	0.16	0.20	0.47	0.49
9525	0	0.01	0.01	0.02	0.42	0.43	0.70	0.71

Est. vol. total, Calls 8195 Puts 13081. Previous day's open int., Calls 213924 Puts 189033

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
9575	0.18	0.11	0.08	0.05	0.26	0.83
9600	0.04	0.05	0.04	0.16	0.45	0.84
9625	0.01	0.02	0.01	0.38	0.67	1.06

Est. vol. total, Calls 300 Puts 300. Previous day's open int., Calls 2765 Puts 1445

UK INTEREST RATES

LONDON MONEY RATES

Nov 4	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6½ - 4	5⅞ - 5⅝	5 13/16 - 5 11/16	6⅛ - 6	6½ - 6⅜	7⅜ - 7¼
Sterling CDs	-	-	5¾ - 5⅝	6 - 5 15/16	6 7/16 - 6⅜	7¼ - 7⅛
Treasury Bills	-	-	5⅝ - 5½	5 13/16 - 5 11/16	-	-
Bank Bills	-	-	5 13/16 - 5 11/16	6 - 5⅞	6 7/16 - 6⅜	-
Local authority deps.	5⅞ - 5⅞	5⅞ - 5⅝	5¾ - 5⅝	6⅛ - 6	6⅜ - 6¼	7⅜ - 7¼
Discount Market deps	6¼ - 5¼	5⅝ - 5½	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.4342pc. ECGD fixed rate Stlg. Export Finance. Make up day Oct 31, 1994. Agreed rate for period Nov 26, 1994 to Dec 25, 1994, Schemes II & III 7.23pc. Reference rate for period Oct 1, 1994 to Oct 31, 1994, Schemes IV & V 5.888pc. Finance House Base Rate 6pc from Nov 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.55	93.60	+0.02	93.63	93.54	24875	149006
Mar	92.75	92.80	+0.03	92.84	92.74	34869	74865
Jun	92.17	92.20	+0.03	92.24	92.16	5305	58283
Sep	91.72	91.78	+0.04	91.83	91.72	6013	54618

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
9350	0.20	0.07	0.09	0.10	0.77	1.39
9375	0.07	0.03	0.05	0.22	0.98	1.60
9400	0.02	0.01	0.03	0.42	1.21	1.83

Est. vol. total, Calls 8830 Puts 10085. Previous day's open int., Calls 353825 Puts 216380

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Duncan Lawrie	5.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.75	Exeter Bank Limited	6.75	Royal Bk of Scotland	5.75
AIB Bank	5.75	Financial & Gen Bank	6.5	●Smith & Williamson Secs.	5.75
●Henry Ansbacher	5.75	●Robert Fleming & Co	5.75	TSB	5.75
Bank of Baroda	5.75	Girobank	5.75	●United Bk of Kuwait	5.75
Banco Bilbao Vizcaya	5.75	●Guinness Mahon	5.75	Unity Trust Bank Plc	5.75
Bank of Cyprus	5.75	Habib Bank AG Zurich	5.75	Western Trust	5.75
Bank of Ireland	5.75	●Hambros Bank	5.75	Whiteaway Laidlaw	5.75
Bank of India	5.75	Heritable & Gen Inv Bk	5.75	Yorkshire Bank	5.75
Bank of Scotland	5.75	●Hill Samuel	5.75		
Barclays Bank	5.75	C. Hoare & Co	5.75		
Brit Bk of Mid East	5.75	Hongkong & Shanghai	5.75		
●Brown Shipley & Co Ltd	5.75	Julian Hodge Bank	5.75		
CL Bank Nederland	5.75	●Leopold Joseph & Sons	5.75		
Citibank NA	5.75	Lloyds Bank	5.75		
Clydesdale Bank	5.75	Meghraj Bank Ltd	5.75		
The Co-operative Bank	5.75	Midland Bank	5.75		
Coutts & Co	5.75	* Mount Banking	6		
Credit Lyonnais	5.75	NatWestminster	5.75		
Cyprus Popular Bank	5.75	●Rea Brothers	5.75		

● Members of London Investment Banking Association
* In administration

■ **OTHER CURRENCIES**

Nov 4	£	$
Hungary	174.012 - 174.248	108.230 - 108.330
Iran	2862.00 - 2865.00	1748.00 - 1750.00
Kuwait	0.4793 - 0.4803	0.2981 - 0.2986
Poland	37405.4 - 37470.0	23265.0 - 23295.0
Russia	4972.50 - 4979.00	3092.00 - 3096.00
U.A.E.	5.9123 - 5.9241	3.6715 - 3.6735

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Companies & Finance page in Monday's paper.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 4.2(a) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ɸ Bargains done the previous day.

British Funds, etc

Treasury 13¼% Stk 2000/03 - £122⅞

Corporation and County Stocks

Birmingham Corp 3% (1902) 1932(or after) - £30 (1No94)
Bristol Corp Deb Stk (3½%) - £35½ (2No94)
Croydon Corp 3½% Stk - £34¼ (28Oc94)
Dudley Metropolitan Borough Council7% Ln Stk 2019 (Reg)(F/P) - £78¾
Leicester City Council 7% Ln Stk 2019(Reg) - £78⅞ (2No94)

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RTZ Canada Inc 7¼% Gtd Bds 1998(Br£5000&100000) - £93¼ (28Oc94)
Rank Organisation PLC 8⅞% Bds 2000 (Br £ Var) - £95ɸ
Redland Capital PLC 7¼% Cnv Bds 2002(Br£1000&10000) - £98
Royal Bank of Scotland PLC 10⅝% Subord Bds 1998 (Br£5000&25000) - £103⅞ (28Oc94)
Royal Insurance Hldgs PLC 9⅝% Subord Bds 2003 (Br £ Var) - £95¼ (28Oc94)
Sainsbury(J) PLC 8½% Bds 1998 (Br $5000&100000) - £128⅛
Severn Trent PLC 11½% Bds 1999 (Br £5000&100000) - £107½ (2No94)
Sincere Navigation Corporation 3.75% Bds

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Lloyds Bank PLC Subord Flg Rte Nts(Br£ Vars) - £100 100.1 (1No94)
London Electricity PLC 8% Bds 2003 (Br £ Var) - £91⅝ (2No94)
Marks & Spencer Finance PLC 7⅜% Gtd Nts 1998 (Br £ Var) - £95.3 (31Oc94)
National Power PLC 10⅝% Bds 2001 (Br £10000&100000) - £104¼ (1No94)
National & Provincial Bldg Society 8¾% Nts 1998 (Br £ Var) - £97.15ɸ
National & Provincial Bldg Society Flg Rate Nts 1999 (Br£10000&100000) - £99.85 (28Oc94)
National Westminster Bank PLC 11¾% Subord Nts 2001 (Br £Var) - £109⅞ (31Oc94)
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Reg - £100.45 ½ (2No94)
Nationwide Building Society 8⅝% Subord Nts 2018 (Br £ Var) - £96 1/16 (1No94)
Nippon Telegraph and Telephone Corp10⅞% Bds 2001 (Br £1000&10000) - £107 (1No94)
RMC Capital Ld 9¾% Cnv Cap Bds 2006 (Br £5000&50000) - £130 ½ (2No94)

SOC Group PLC 12¼% Uns Ln Stk 2012/17 - £123½ (2No94)
BTP PLC 7.5p(Net) Cnv Cum Red Prf 10p - 180 (31Oc94)
BTR PLC ADR (4:1) - $20½ (28Oc94)
Bank of Ireland(Governor & Co of) Units NCP Stk Srs A £1 & £9 Liquidation - £11 11/16
Banner Homes Group PLC Ord 10p - 118ɸ
Barclays PLC ADR (4:1) - $38.4987ɸ
Barclays Bank PLC 12% Uns Cap Ln Stk 2010 - £116
Barclays Bank PLC 16% Uns Cap Ln Stk 2002/07 - £132½
Bardon Group PLC 7.25p (Net) Cnv Red Prf 25p - 87 (31Oc94)
Bardon Group PLC 3.85% Cum Prf £1 - 41 (28Oc94)
Bardon Group PLC 11 25p Cum Red Prf 2005 10p - 105
Barings PLC 8% Cum 2nd Prf £1 - 94¼
Barings PLC 9¾% Non-Cum Prf £1 - 112¼ (28Oc94)
Barr & Wallace Arnold Trust PLC Ord 25p - 555 (2No94)
Bass PLC ADR (2:1) - $17.9 (2No94)
Bass PLC 7¾% Uns Ln Stk 92/97 - £95 6 ½

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-SE Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-SE Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

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Minerals Oils&Res Shs Fund Inc $0.10 - $18.38 (31Oc94)
MorganGrenfellLatinAmerCo's Tst PLCWts to sub for Ord - 58 9
New Throgmorton Trust(1983) PLC Zero Cpn Deb Stk 1998 - £70⅞ (1No94)
Paribas French Investment Trust PLCSers "A" Warrants to sub for Ord - 23 (2No94)
Paribas French Investment Trust PLCSers "B" Warrants to sub for Ord - 16 7 (31Oc94)
Scottish Investment Trust PLC 3 5% Cum Pfd Stk - £50 (2No94)
Securities Trust of Scotland PLC 4½% Cum Prf Stk - £45 (1No94)
Securities Trust of Scotland PLC 12% Deb Stk 2013 - £122
Shires High-Yielding Smllr Co's TstWts to Sub for Ord - 65½ (2No94)
Sphere Investment Trust PLC Revised Warrants to sub for Ord - 3 ½
TR Smaller Companies Inv Trust PLC 4½% Cum Prf Stk - £45 (2No94)
Throgmorton Trust PLC 12 5/16% Deb Stk 2010 - £118½ (1No94)
Wigmore Property Investment Tst PLCWts to Sub for Ord - 28 (2No94)
Witan Investment Co PLC 8½% Deb Stk 2016 - £93½ (2No94)

USM Appendix

Eidos PLC Ord 10p - 290
Gibbs Mew PLC Ord 25p - 440 5 (2No94)
Midland & Scottish Resources PLC Ord 10p - 2 ¾ (31Oc94)
United Energy PLC Wts to sub for Ord - 3 5 (28Oc94)

Rule 4.2(a)

AMCO Corp Inc Ord 10p - £0.62 0.655 0.68 (1No94)
Adnams & Co PLC "B" Ord £1 - £30 (31Oc94)

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£2400 (2No94)
Faxcast Broadcast Corporation PLC Ord 5p - £0.7 0.71
Gale (George) & Co Ld Ord £1 - £6½ (1No94)
Gander Holdings PLC Ord 1p - £0.0875
Guernsey Gas Light Co Ld Ord 10p - £1.01 1.05
Hill Samuel Inv Serv Int European Equity Fd - DM21.73 (1No94)
Hydes'Anvil Brewery Ld "B" Ord £1 - £70 (28Oc94)
ITS Group PLC Ord £1 - £0.36 (1No94)
Jennings Bros Ld Ord 25p - £2
Kleinwort Benson(Int) Fund Man KB Gilt Fund - £13.84 (2No94)
Kleinwort Benson(Int) Fund Man Int Equity Gwth Inc - £2.614 (2No94)
Lancashire Enterprises PLC Ord 5p - £1.77 (31Oc94)
Lawrie Group PLC Ord £1 - £25¼ (1No94)
Le Riche's Stores Ld Ord £1 - £2.95 3 3
London Fiduciary Trust PLC Ord 1p - £0.03 0.0325 0.035
Manchester City Football Club PLC Ord £1 - £73
Mam. & Overseas PLC Ord 5p - £0.0725 (28Oc94)
Marine & Mercantile Securities PLC Ord Ir£0.20 - £1.7 1.8 (2No94)
Mercury Fund Man.(Isle of Man) Mercury Int. Bond Fund - £0.5278 (1No94)
National Parking Corp Ld Ord 10p - £5.3
Northern Maritime Property Invs Ld Ord £1 - £4.52 (28Oc94)
Oakhill Enterprises Ld Ord £1 - £0.015ɸ 0.02ɸ 0.025ɸ 0.03ɸ
OmniMedia PLC Ord 5p - £0.6 (1No94)
Pacific Media PLC Ord 1p - 2
Pan Andean Resources PLC Ord 1p - £0.05 (28Oc94)
Perpetual(Jersey) Offshore Asian Smaller Markets - $1.8061
Perpetual(Jersey) Offshore Emerging Co's - $8.94838 (1No94)

...

(31Oc94)
Unicorn Inns PLC Ord 25p - £0.87
VDC PLC Ord £1 - £4.05
Voss Net PLC Ord 5p - £1.23 1.27 (31Oc94)
Warburg Asset Management Jersey Mercury Intl Gold & General Fd - $1.97 (2No94)
Wedderburn Securities PLC Ord 5p - £0.115 (2No94)
Weetabix Ld "A" Non.V Ord 25p - £18½
Westmount Energy Ld Ord 10p - £0.13 (1No94)
Winchester Multi Media PLC Ord 5p - £0.77ɸ 0.8ɸ
Yeates Group PLC Ord 10p - £3.65 (2No94)

RULE 2.1 (a)(v)

Bargains marked in securities (not falling within Rule 2.1 (a)(i)) where the pricipal market is outside the UK and Republic of Ireland .

Alltel Corp $26⅛(3.11)
Assoc Manganese Mines FZ323,4¾(2.11)
Bank East Asia $4.41(3.11)
Boise Cascade $27⅞(31.10)
Bukit Sembawang S$32.08828,32.40(31.10)
City Devs S$8.75ɸ,8.808875ɸ(1.11)
Comm Psychitric Centers $9¾(31.10)
Forest Labs $45⅛ɸ,45¼(3.11)
Gen Secs Inv S$1.943745ɸ(1.11)
Kalgoorlie Res A$0.0198(3.11)
Kuala Sidim Rubber 135ɸ(1.11)
Kulim Malay (Reg) RM3.88(1.11)
Lawter Intl 775(31.10)
Malayan Cement RM4.34(31.10)
Malayan Credit S$3.891(31.10)
Malaysian Plant 48ɸ(3.11)
Murray & Roberts $23.31ɸ,FZ97.49(3.11)
Nat Electronic Hldgs 3.0(28.10)
Nth. Flinders Mines 375(31.10)
Oil Search 41(3.11)
Palabora Mining £11(3.11)
Pretoria Portland Cement FZ97.10(3.11)
Regal Hotel Hldgs H$1.837734(3.11)
Selangor Props RM3.24(31.10)
Singapore Land S$8.990364,9.176(3.11)
Storer Comms SK44A.5(28.10)
Utd O'seas Lnd S$3.04ɸ,3.05976ɸ(1.11)
Village Main Reef 28ɸ(1.11)

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LONDON STOCK EXCHANGE

MARKET REPORT

Bond strength fails to boost flagging equities

By Terry Byland,
UK Stock Markets Editor

The payroll and unemployment data from the US received a somewhat muffled response from the UK stock market yesterday. Share prices rallied from earlier losses but were drifting off again in thin trading at the close of the session. British government bonds had a firm session, although prices slipped off the top as US bonds reacted to the employment statistics.

Early trading saw the FT-SE 100 Index extend its gain above the 3,100 mark, helped by a steadier bond sector. But London was clearly in no mood to move far ahead of the US employment statistics. Trading volume was poor.

The market dropped sharply in its initial response to the US data and, despite the later rally, the market view was that the statistics will maintain pressure on the Federal Reserve to tighten policy again, perhaps after Tuesday's mid-term Congressional elections.

The FT-SE 100 Index fell through 3,100 to touch 3,093.1, the day's low before rallying to close at 3,097.6, a net fall of 6.8. Traders admitted to a "dreary day's business", although the analysts were busier as they scrutinised interest rate prospects on both sides of the Atlantic. The general view on near-term prospects for UK shares remained highly cautious.

The more revealing picture of the day came from yet another fall in Seaq trading volume which, at a mere 509.5m shares, was about one third down on Tuesday's figure.

Poor volume continues to present problems for the market although individual deals continue to provide profitability for the big names. A substantial placing in Forte shares was believed to have taken place outside the market.

A leading US brokerage house told clients just before the London close to "look for the Fed to raise rates next week by 50 basis points. Beware of central bank intervention if the dollar begins to weaken". It expects strong growth in the US industrial sector which would put further upward pressure on US capacity utilisation, an area which has badly upset markets over the past couple of months.

However, there was no sign yesterday of further intervention in the currency markets by the Federal Reserve.

London securities houses were also cautious on the outlook for domestic rates, reminding clients that this week's inflation report from the Bank of England still leaves open the likelihood of a rate rise by, at the latest, the beginning of next year.

However, on a brighter note, the president of the Bundesbank said in London that he saw no threat of inflation in Germany, and his comments were favourably received in the bond markets.

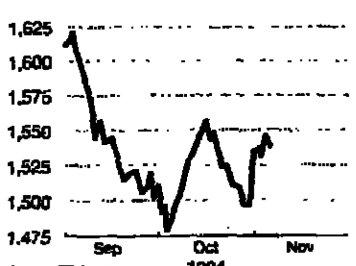
The gilt-edged market was firm from the opening of trading and moved ahead sharply when the US Federal bond sector took the US employment data calmly. At best, the long-dated UK government bonds were around ¼ ahead, although these gains were trimmed to around $\frac{3}{16}$ by the close.

Short dates also firmed as the expected timetable for base rate rises appeared to move back a shade. The Bank of England announced that it is issuing a further £700m in tranches of existing government bonds, to be available for trading from Monday.

The broader range of the stock market continued to recover. Free from the influence of the dollar stocks and London's stock index futures markets, the FT-SE Mid 250 Index added 3.8 to 3534.6.

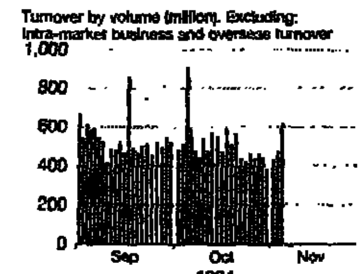
Next week is likely to present further problems for global stocks markets in the form of the US mid-term elections, as well as a heavy list of auctions of Federal securities. These will lead the markets towards the next meeting of the Federal Reserve's Open Market Committee on November 15 on which interest rate worries are now focused.

FT-SE-A All-Share index



Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios		
FT-SE Mid 250	3534.6	+3.8
FT-SE-A 350	1552.9	-2.3
FT-SE-A All-Share	1538.05	-1.97
FT-SE-A All-Share yield	3.93	(3.93)
FT Ordinary index	2371.7	-5.5
FT-SE-A Non Fins p/e	18.80	(18.88)
FT-SE 100 Fut Dec	3115.0	-4.0
10 yr Gilt yield	8.74	(8.79)
Long gilt/equity yld ratio:	2.23	(2.24)

FT-SE 100 Index	
Closing Index for Nov 4	3097.6
Change over week	+13.8
Nov 3	3104.4
Nov 2	3081.3
Nov 1	3096.3
Oct 31	3097.4
High*	3111.5
Low*	3069.5

*Intra-day high and low for week

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
3i	125	322		Lonrho	29,000	144½	+12
ASDA Group†	5,300	63	-¼	Lucas	542	196	+1
Abbey National†	892	416		MEPC†	631	426	-2
Albert Fisher	1,500	43		MFI	810	132½	+1
Allied Domecq†	1,300	598	+7	Manweb	127	820	-10
Anglian Water	308	649	-1	Marks & Spencer†	2,700	414	-5
Argos	523	335	+5	Midlands Elect.	257	793	-5
[illegible]				[illegible]			
Glynwed	1,200	337	+3	TI Group†	713	383	+8
Granada†	1,500	518	-5	TSB†	2,600	230	+½
Grand Met.†	3,700	411	-4	Tarmac	858	123	+1
GUS†	1,000	583	+2	Tate & Lyle	2,400	426	+6
GRE†	3,000	191½	+2	Taylor Woodrow	880	130	+1
GKN†	1,800	604	-2	Tesco†	2,100	234	-2
Guinness†	5,900	467	-4	Thames Water†	3,100	526	+2
HSBC (75p shs)†	2,100	733	+7	Thorn EMI†	1,000	979	+2
Hammerson	132	345	+7	Tomkins†	2,200	211	+4
Hanson†	5,800	228½	-1	Trafalgar House	366	68	
Harrisons Crosfield	1,000	165		Unigate	1,100	350	+6
Hays	1,000	285	-5	Unilever†	585	1137	-4
Hillsdown	1,400	169	-1	United Biscuits†	1,300	318	+3½
IMI	58	312	+2	Utd. Newspapers	310	511	-1
ICI†	8,300	773	-8	Vodafone†	1,800	209½	-½
Inchcape†	301	435	+1	Warburg (SG)†	697	819	+1
Johnson Matthey	1,000	580	+5	Wellcome†	588	644	-2
Kingfisher†	1,900	468	-10	Welsh Water	647	664	-1
Kwik Save	628	550	-1	Wessex Water	279	319	-1
Ladbroke†	2,000	147	-6	Whitbread†	611	570	+2
Land Securities†	826	620		Williams Hldgs.†	3,700	345	+1
Laporte	74	698	+2	Willis Corroon	692	142	
Legal & General†	2,000	435	-1	Wimpey	930	138	+1
Lloyds Abbey	235	347	+2	Wolseley†	108	785	+5
Lloyds Bank†	753	574	+2	Yorkshire Elect.	163	744	-7
LASMO	855	145½	-2	Yorkshire Water	188	559	
London Elect.	198	729	-10	Zeneca†	1,600	896	

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures had a quiet day, trading in a narrow range and ending little changed, writes Jeffrey Brown.

The FT-SE 100 December contract was 3,117 at the official 4:10 close, down two points. The premium to the cash market was 17 points with fair value premium around 11 points.

The day's trading arc was narrow with a 3,127 peak comparing with a low for the session of 3,096. There were 11,659 contracts traded, against 10,868 on Thursday.

Traded options turnover was also broadly unchanged at 18,417.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3112.0	3115.0	-4.0	3127.0	3096.0	12801	53873
Mar	3128.0	3134.5	-4.0	3128.0	3128.0	49	3960
Jun	-	3156.0	-4.5	-	-	0	80

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3550.0	3560.0	+20.0	3570.0	3550.0	122	4229

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

Dec		3,544.0	0

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3098) £10 per full index point

	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P
Nov	218	3½	170	8	124	11½	83	21½	58	39	26	67	12	104½	4½	152
Dec	233	18	191½	26½	154	39	116	52	87	74	62½	100	42	130½	28	167
Jan	257	33½	218½	46	183	59	149	76	119	96½	90	119	69	148	50	180½
Feb	273½	39½	237½	53½	201	66½	168½	85	139½	105½	110½	128½	90	158	69	189
Jun†	316	71			247½	102			186½	139½			140	192½		

Calls 1,244 Puts 3,011

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P
Nov	191½	5	145½	8½	100	16½	65	28	36	49	17	80	7½	120	2½	165
Dec	211½	22½	171½	32½	135	45½	102½	62½	74½	84½	51½	111	32½	142	20	178½
Jan	232	34½			234	62½			176	104			127	160		
Mar	259½	54½			191	84			133½	124			89	177½		
Jun†	299½	77			234	108			178	146			127	193½		

Calls 1,253 Puts 608 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3400	3450	3500	3550	3600	3650	3700	3750
Oct			121 58.6	93.3 80.6	70.2 107			

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday November 4 1994

Oil, Integrated	+7.75	Food Manufacturers	-6.75	Life Assurance	-11.82
Printing, Paper & Pckg	+7.21	FT-SE Mid 250	-6.77	Diversified Industrials	-12.93
Oil Exploration & Prod	+6.91	Pharmaceuticals	-6.86	Transport	-13.39
Engineering, Vehicles	+6.62	Non-Financials	-6.97	Gas Distribution	-14.35
Mineral Extraction	+6.58	Spirits, Wines & Ciders	-7.62	Textiles & Apparel	-14.53
Extractive Industries	+3.19	Gen Manufacturers	-7.76	Distributors	-14.56
Electricity	+2.59	Water	-7.77	Telecommunications	-14.58
Engineering	+0.34	FT-SE-A All-Share	-8.57	Retailers, General	-15.52
Retailers, Food	+0.11	Consumer Goods	-8.60	Financials	-15.77
Chemicals	-1.09	Services	-8.64	Household Goods	-15.80
Breweries	-1.53	Utilities	-8.66	Building Materials	-15.99
Leisure & Hotels	-2.38	Health Care	-8.66	Insurance	-16.00
Media	-2.77	FT-SE-A 350	-8.81	Banks	-16.19
FT-SE SmallCap ex IT	-3.67	Support Services	-9.13	Property	-18.53
FT-SE SmallCap	-4.63	FT-SE 100	-9.38	Building & Construction	-19.76
FT Gold Mines Index	-4.83	Investment Trusts	-9.65	Merchant Banks	-20.23
FT-SE Mid 250 ex IT	-6.44	Electronic & Elec Eqpt	-10.39	Tobacco	-21.58

Line of Forte placed

Shares in hotels and leisure group Forte gave a creditable performance given that institutional investors had to absorb the placing of 78m new shares at 227p a share to fund the group's purchase of an initial 57 per cent stake in Meridien Hotels.

Forte has agreed to buy the stake from Air France for £131m and will eventually increase the stake to 80 per cent. The placing, which raised £175m, was carried out by Forte's broker UBS.

The Forte share price closed 3 down at 233½p, the lowest of the day after turnover of 3.1m shares with UBS marketmakers keenly supporting the stock towards the close.

Forte shares have performed well relative to the market recently, moving up some 11 per cent since the middle of September compared with a 3 per cent rise by the FT-SE 100 and a 1.5 per cent rise in the leisure sector. The shares rose despite widespread fears of a substantial rights issue.

Mr Roy Owens, leisure analyst at Smith New Court, said "the placing removes fears of a rights issue and it shows there is a continuing appetite for the shares".

Lonrho busy

Lonrho burst into life with 28m shares - 4 per cent of the company - changing hands as the stock market got its teeth into the potential implications of Tiny Rowland's departure. The management move, and the sense of high drama it created, also generated a huge traded options business.

Amid talk of a wholesale clear-out of non-core operations and a rapid reduction in debt, the shares jumped 12 to 144½p in heavy two-way business, although dealers said no large lines came on offer. Even on a busy day Lonrho seldom trades more than 3m shares.

The consensus in London was that given a free rein the board will now move quickly to rationalise Lonrho's group structure, which consists of some 600 companies.

Analysts expect a string of new year disposals with best bets pointing to the UK motor distributors, Dovercourt and Dutton-Forshaw, and the African non-mining business. These generate around 30 per cent of group profits.

Media conglomerate Pearson lost some of its recent gains after NatWest Markets downgraded its recommendation on the stock. The securities house decided that the valuations for BSkyB, the satellite television group, were too high. Pearson shares fell 20 to 624p.

Conflicting wire agency stories late in the session unsettled Vickers, which shed 3 to 180p. Speculation of a link-up with a big German company had helped lift the shares by almost 10 per cent in the previous four days.

A Daimler-Benz spokesman was quoted by Extel as saying his company had no plans to take a stake in Vickers' Rolls-Royce motor car subsidiary. In contrast, Reuters weighed in with industry sources suggesting that Daimler's chances of linking up with Roll-Royce Motors were far greater than those of rival German motor group, BMW.

At a City presentation on Thursday, Vickers told analysts it would announce a partner for Rolls-Royce Motors before the end of the year.

Shrugging off a 3 per cent decline in new car sales for October, motor distributors stayed a clear feature with Cowie, basking in tentative takeover talk and adding a further 2 at 239p, and Lex Service, which jumped 13 to 361p.

Cowie has put on almost 12 per cent in four days while Lex has staged an advance of 27p in three days. Dealers pointed to the low volumes in the shares - Lex traded just 223,000 - plus recent heavy under-performance.

Cowie has lagged the market by 5 per cent over the past three months while Lex has underperformed by around 15 per cent.

Sun Alliance was one of the top performers in the insurance sector following talk of a UBS buy recommendation; the shares rose 4 to 341p after good turnover of 4.3m.

Royals eased 1¼ to 308p but remained 19 higher over the week following a spate of broker buy recommendations, notably from BZW, and ahead of expected good third quarter results next Thursday.

Prudential gained 5 at 323p Irish Permanent, floated on the market a week ago at 180p, added 3 to 220p, still buoyed by news that Abbey National, the UK building society-turned-bank, had bought a 9.9 per cent stake in the group as a "long-term investment".

In financials, Gerrard & National jumped 18 to 483p following support from income funds while Cater Allen, due to report interims at the end of the month, continued to move ahead strongly, closing a further 8 higher at 512p, up 43 on the week.

Sage Group, the computer services company, gave another exceptional performance, the shares racing up a further 22 to a record 678p, after the scintillating figures and the French acquisition announced on Thursday.

Radioactivity healthcare specialist Amersham International eased a penny to 985p as it was announced that S.G. Warburg had reduced its stake to 13.97 per cent. However there was some support ahead of interim figures on Wednesday which are mooted to be around £19.5m.

Consideration of the decision by discount retailer Kwik Save to buy the retail supermarket business of Shoprite for £45.4m saw the latter tumble 5 to 16. Kwik Save, which had published figures above most analysts' forecasts, was steady at 550p.

Boots, the high street chemist and retailer, lost 7 to 512p on further reaction to Thursday's cautious statement on potential trading in the second half of the year.

Courtaulds Textiles gained 6 to 476p in response to a buy recommendation from BZW. The investment bank says Courtaulds offers strong cyclical recovery in depressed but structurally satisfactory businesses.

The house also advised clients to buy Marks and Spencer suppliers Dewhirst and Claremont and the two stocks held firm at 125p and 316p. M&S fell 5 to 414p.

Pulp and paper supplier Arjo Wiggins Appleton fell 8¼ to 267¼p after announcing that turnover in the third quarter of the current financial year rose to £686m making £2.13bn of sales for the nine months.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (23).
GILTS (1) BUILDING & CNSTRN (1) Vibroplant, DISTRIBUTORS (4) Adam & Harvey, Middlesex, REA, Wishaw, DIVERSIFIED INDLS (1) Mitsubishi, ELECTRNC & ELECT EQUP (1) Motorola, ENGINEERING (2) FR, Kelsey, EXTRACTIVE INDS (1) Western Metals, FOOD MANUF (1) Bon (AG), INVESTMENT TRUSTS (1) LEISURE & HOTELS (1) VCI, LIFE ASSURANCE (1) Liberty Life Assoc of Africa, OIL EXPLORATION & PROD (1) Gulfstream, OTHER FINANCIAL (1) Stratagem, OTHER SERVS & BUSNS (2) Anglo-East Plants., Benum, SUPPORT SERVS (1) Sage, TRANSPORT (1) P&O 5½pc Pfd., AMERICANS (1) Amdahl, SOUTH AFRICANS (1) SA Brews.
NEW LOWS (67).
BANKS (1) Mitsubishi, BREWERIES (1) Boddington, BUILDING & CNSTRN (1) BB & EA, BLDG MATLS & MCHTS (2) Dyson (J&J), Do A, DISTRIBUTORS (1) Wills, ENGINEERING (7) Concentric, Ferrum, Hunting 8½pc Pf., Johnson & Firth, MS Intl., Morgan Crucible 7½pc Pf., Rotork, EXTRACTIVE INDS (2) Ayer Hitam, Rockwood, FOOD MANUF (2) Bensons Crisps, Canadian Pizza, HEALTH CARE (2) Greenacre, ML Labs, INSURANCE (1) Heath (CE), INVESTMENT TRUSTS (13) INVESTMENT COMPANIES (1) LEISURE & HOTELS (2) Ladbroke, Quadrant, LIFE ASSURANCE (1) Utd. Friendly B, MEDIA (2) Gold Greenlees Trott, Midland Ind., OIL EXPLORATION & PROD (1) Com-Tek, OTHER FINANCIAL (3) Energy Capital, Exco, London Finance & Invs., OTHER SERVS & BUSNS (2) Headway, Leigh Interests, PHARMACEUTICALS (2) Huntingdon Intl., Ransom (W) PRTNG, PAPER & PACKG (2) AG, API, PROPERTY (5) Birkby, Cardiff, Property Trust, Shaftesbury, Southend 8pc Cnv. 2020, RETAILERS, FOOD (1) Shoprite, RETAILERS, GENERAL (4) Fine Art Devs., Kingfisher, Alliance, Oriflame Intl., SUPPORT SERVS (3) Hogg Robinson, Johnson Cleaners, Oxford Molecular, TEXTILES & APPAREL (3) Compan Intl., Fil, Lister, TRANSPORT (2) Seafield, Vard.

■ CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
Adwest	163	+	7½
Alvis	44	+	2½
Control Techniques	385	+	15
Euro Disney	105	+	9
Klearfold	115	+	7
Lex Service	361	+	13
Lonrho	144½	+	12
Marley	142	+	7
Riverview	680	+	65
Sage Group	678	+	22
Sleepy Kids	50	+	4
Stratagem	167	+	6
Thorpe (FW)	225	+	10
TransTec	54	+	3
Falls			
Arjo Wiggins	267½	-	8½
Essex Furniture	185	-	9
Euromoney Publ	1650	-	95
MAI	226	-	10
MS Intl	30	-	4
On Demand	98	-	6
Pearson	624	-	20
Proteus Int	260	-	18
Shoprite	16	-	5
Trafficmaster	148	-	6

FT - SE Actuaries Share Indices — The UK Series

	Nov 4	Day's chge%	Nov 3	Nov 2	Nov 1	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
FT-SE 100	3097.6	-0.2	3104.4	3081.3	3096.3	3085.6	4.11	7.04	16.78	110.69	1175.29	3520.3	2/2	2876.6	24/6	3520.3	2/2/94	986.9	23/7/84
FT-SE Mid 250	3534.6	+0.1	3530.8	3522.0	3524.3	3480.1	3.54	5.78	20.88	111.82	1320.88	4152.8	3/2	3363.4	27/6	4152.8	3/2/94	1379.4	21/1/86
FT-SE Mid 250 ex Inv Trusts	3534.2	+0.1	3530.3	3522.5	3523.6	3495.6	3.70	6.26	18.44	116.34	1318.07	4188.7	19/1	3382.4	27/6	4188.7	19/1/94	1378.3	21/1/86
FT-SE-A 350	1552.9	-0.1	1555.2	1545.4	1551.4	1541.0	3.98	6.75	17.57	54.06	1205.21	1778.3	2/2	1461.3	24/6	1778.3	2/2/94	664.5	14/1/86
FT-SE SmallCap	1781.73	+0.1	1780.28	1778.88	1779.76	1784.67	3.33	4.98	25.35	49.79	1386.78	2094.98	4/2	1771.84	7/10	2094.98	4/2/94	1363.79	31/12/92
FT-SE SmallCap ex Inv Trusts	1750.80	+0.1	1749.67	1749.24	1748.36	1772.97	3.54	5.54	23.11	51.78	1387.05	2060.72	4/2	1749.66	10/10	2060.72	4/2/94	1363.79	31/12/92
FT-SE-A ALL-SHARE	1538.05	-0.1	1540.02	1530.92	1536.51	1527.20	3.93	6.62	17.96	52.83	1214.10	1764.11	2/2	1445.85	24/6	1764.11	2/2/94	61.92	13/12/74

■ FT-SE Actuaries All-Share

	Nov 4	Day's chge%	Nov 3	Nov 2	Nov 1	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
10 MINERAL EXTRACTION ... 51 Other Services & Business(7)	[illegible]																		
60 UTILITIES(36)	2448.73	-0.4	2458.36	2452.18	2467.28	2443.60	4.30	7.72	15.75	81.97	946.60	2762.33	2/2	2100.92	24/6	2762.33	2/2/94	802.50	3/10/86
62 Electricity(17)	2580.63	-0.3	2568.69	2568.39	2590.28	2136.40	3.58	9.87	12.34	83.48	1064.87	2754.74	30/8	2024.12	24/6	2754.74	30/8/94	995.30	7/1/91
64 Gas Distribution(2)	1938.54	-0.6	1951.09	1932.89	1922.27	2131.80	8.18	‡	‡	117.98	909.84	2369.77	7/1	1694.20	24/6	2379.30	16/12/93	994.90	9/12/86
66 Telecommunications(4)	2053.87	-0.8	2085.83	2052.96	2073.91	2274.90	4.02	7.88	15.90	50.22	875.85	2458.42	2/2	1894.68	1/6	2461.20	29/12/93	802.50	3/10/86
68 Water(13)	1920.98	-0.1	1921.98	1930.02	1934.27	1849.00	5.09	12.58	8.65	89.35	980.27	2126.79	3/2	1598.71	27/6	2126.79	3/2/94	924.70	1/5/90
69 NON-FINANCIALS(697)	1658.78	-0.2	1662.39	1653.45	1659.10	1635.31	3.92	6.39	18.80	55.80	1176.21	1870.36	2/2	1562.99	24/6	1870.36	2/2/94	63.49	13/12/74
70 FINANCIALS(104)	2201.54	+0.3	2195.37	2175.86	2186.72	2278.70	4.40	8.91	13.02	88.69	876.21	2737.13	4/2	2034.74	24/6	2737.13	4/2/94	972.20	23/1/86
71 Banks(10)	2898.65	+0.3	2891.29	2859.06	2879.20	2841.40	4.16	8.80	11.88	116.39	871.56	3601.55	4/2	2815.77	8/7	3601.55	4/2/94	950.60	23/1/86
73 Insurance(17)	1274.96	+0.4	1269.71	1250.66	1257.67	1431.30	5.31	9.25	12.36	61.61	880.46	1593.51	24/1	1153.82	24/6	1624.20	29/12/88	870.50	25/8/92
74 Life Assurance(6)	2400.15	+0.8	2382.13	2358.59	2391.75	2631.30	5.33	7.77	15.70	127.82	928.89	2921.37	19/1	2189.61	1/6	2921.37	19/1/94	967.70	23/1/86
75 Merchant Banks(6)	2722.27	-0.1	2724.71	2718.11	2719.80	3177.80	3.82	12.11	9.81	87.78	822.02	3781.29	2/2	2562.92	4/10	3761.29	2/2/94	992.80	27/1/86
77 Other Financial(24)	1831.05	-0.5	1840.00	1836.61	1839.86	1748.30	3.98	8.54	14.02	63.31	982.02	2279.36	4/2	1752.83	4/7	2279.35	4/2/94	856.30	1/10/90
79 Property(41)	1482.46	+0.3	1457.84	1463.49	1450.72	1671.90	4.16	4.43	28.32	44.39	838.19	1898.86	4/2	1437.85	5/10	2132.40	5/9/89	718.40	16/9/92
80 INVESTMENT TRUSTS(124)	2737.04	+0.1	2734.76	2721.45	2730.00	2633.50	2.25	1.96	51.54	55.51	921.19	3184.31	2/2	2616.98	27/6	3184.31	2/2/94	977.20	14/1/86
89 FT-SE-A ALL-SHARE(865)	1538.05	-0.1	1540.02	1530.92	1536.51	1527.20	3.93	6.62	17.96	52.83	1214.10	1764.11	2/2	1445.85	24/6	1764.11	2/2/94	61.92	13/12/74

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3105.5	3104.8	3106.0	3097.2	3096.3	3095.0	3094.8	3099.5	3098.0	3108.2	3093.1
FT-SE Mid 250	3534.6	3535.8	3535.3	3533.8	3533.7	3532.7	3533.2	3534.9	3534.3	3535.9	3532.6
FT-SE-A 350	1556.0	1555.8	1558.3	1552.7	1552.3	1551.8	1551.7	1553.7	1553.1	1557.0	1551.0

Time of FT-SE 100 High: 9.31am Low: 1.42pm

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	982.0	982.3	982.6	982.9	984.7	983.9	982.8	984.8	985.8	985.8	980.1	+5.7
Pharmaceuticls	3004.2	3005.4	3001.6	2991.3	2988.8	2988.1	2996.0	3004.4	3006.2	3007.1	3008.5	-1.4
Water	1925.4	1927.6	1930.0	1925.6	1927.0	1927.0	1926.7	1925.1	1919.6	1919.6	1920.6	-1.0
Banks	2927.8	2925.6	2930.8	2928.5	2927.1	2927.1	2928.3	2936.9	2935.4	2935.2	2927.6	+7.6

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE Total Return Indices	31/12/92	1000.00	FT-SE Mid 250 ex Inv Trusts	31/12/85	1412.60	Water	29/12/89	1000.00	UK Gilts Indices	31/12/75	100.00
FT-SE SmallCap	31/12/92	1363.79	FT-SE-A 350	31/12/85	682.94	Non-Financials	10/4/62	100.00	Index-Linked	30/4/82	100.00
FT-SE SmallCap ex Inv Trs	31/12/92	1363.79	FT-SE 100	31/12/83	1000.00	FT-SE-A All-Share	10/4/62	100.00	Debs and Loans	31/12/77	100.00
FT-SE Mid 250	31/12/85	1412.60	Electricity	31/12/90	1000.00	All Other	10/4/62	100.00			

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-SE Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1994. © The Financial Times Limited 1994. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The Wal Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. The Oil Exploration & Production Total Returns Index base value is 1047.33 as at 31/12/93.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of AUTIF §§

INITIAL CHARGE: Charges made by a unit trust manager. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the buying price of units.

BUYING PRICE: Also called offer price. The price at which units are bought by investors.

SELLING PRICE: Also called bid price. The price at which units are sold back by investors.

TREATMENT OF MANAGER'S PERIODIC CHARGE: The letter C denotes that the trust deducts all or part of the manager's periodic charge from capital, contact the manager for full details of the effect of this course of action.

EXIT CHARGES: The letter E denotes that an exit charge may be made when you sell units, contact the manager for full details.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Association of Unit Trusts and Investment Funds, 65 Kingsway, London, WC2B 6TD. Tel: 071-831-0898.

FT MANAGED FUNDS SERVICE

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OTHER UK UNIT TRUSTS

INSURANCES

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Money Market Trust Funds

Money Market Bank Accounts

MANAGEMENT SERVICES

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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Credis Investment Funds - Contd.

Nikko Asia Convertible Bond Fund

Nikko Bank (Luxembourg) S.A.

Nomura Asian Infrastructure Fd SICAV

Nomura Rosenberg Alpha Fund Mark II

Pacific Basin Growth Fund

Rosenberg Global Mngt Co SA (a)

CMI Insurance Co Ltd - Contd.

Century Life International

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Abtrust Fund Mngrs (Guernsey) Ltd

Adig Investment

Aetna Malaysian Growth Fd (Cayman) Ltd

Alliance Capital

Ermitage Group

Jardine Fleming Unit Trusts Ltd - Contd.

Pakistan Fund

Springfield Fund Mgmt (Gibraltar) Ltd

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Nov 4 / US$)

EUROPE

AUSTRIA (Nov 4 / Sch)

BELGIUM/LUXEMBOURG (Nov 4 / Frs.)

CANADA (Nov 4 / Can. $)

DENMARK (Nov 4 / Kr)

FINLAND (Nov 4 / Mkt)

FRANCE (Nov 4 / Frs.)

GERMANY (Nov 4 / Dm.)

ITALY (Nov 4 / Lire)

NETHERLANDS (Nov 4 / Fls.)

NORWAY (Nov 4 / Kroner)

SPAIN (Nov 4 / Pts.)

SWEDEN (Nov 4 / Kronor)

SWITZERLAND (Nov 4 / Frs.)

AFRICA

SOUTH AFRICA (Nov 4 / Rand)

PACIFIC

JAPAN (Nov 4 / Yen)

AUSTRALIA (Nov 4 / Aus$)

HONG KONG (Nov 4 / H.K.$)

MALAYSIA (Nov 4 / MYR)

SINGAPORE (Nov 4 / S$)

INDICES

	Nov 4	Nov 3	Nov 2	1994 High		1994 Low	
Argentina							
General (29/12/77)	(u)	19361.88	19385.50	25470.40	16/2	17798.90	20/4
Australia							
All Ordinaries(1/1/80)	1999.8	2009.1	2010.7	2340.60	3/2	1999.80	4/11
All Mining(1/1/80)	1048.3	1052.3	1058.1	1138.10	3/2	904.60	5/5
Austria							
Credit Aktien(30/12/84)	392.45	393.54	392.04	468.66	2/2	378.94	25/10
Traded Index(2/1/91)	1044.32	1046.02	1043.27	1222.25	1/2	1011.38	6/6
Belgium							
BEL20 (1/1/91)	1383.69	1381.28	1365.44	1542.65	9/2	1336.39	7/10
Brazil							
Bovespa (29/12/83)	(u)	45030.0	(c)	55118.60	13/9	3808.90	3/1
Canada							
Metals Minls♦(1975)	(u)	4113.69	4121.78	4278.02	20/10	3298.08	20/4
Composite♦ (1975)	(u)	4226.80	4229.00	4609.80	23/3	3959.90	24/6
Portfolio§§ (4/1/83)	(u)	2041.40	2040.44	2182.69	1/2	1988.48	28/6
Chile							
IPSA Gen (31/12/80)	(u)	5599.5	5610.1	5679.20	19/10	3901.20	4/4
Denmark							
CopenhagenSE(3/1/83)	339.44	340.71	339.90	415.79	2/2	339.11	7/10
Finland							
HEX General(28/12/90)	1944.9	1950.9	1957.5	1972.00	4/2	1601.10	3/1
France							
SBF 250 (31/12/90)	1281.87	1270.46	1252.89	1585.20	2/2	1227.86	25/10
CAC 40(31/12/87)	1931.65	1911.13	1873.60	2355.93	2/2	1824.42	25/10
Germany							
FAZ Aktien(31/12/58)	780.61	771.28	773.79	859.27	18/5	742.04	5/10
Commerzbank(1/12/53)	2219.0	2192.30	2193.70	2465.50	2/5	2116.30	5/10
DAX (30/12/87)‡	2067.56	2051.48	2042.35	2271.11	16/5	1960.59	7/10
Greece							
Athens SE(31/12/80)	831.87	825.81	824.72	1194.58	18/1	806.67	25/5
Hong Kong							
Hang Seng(31/7/64)	9530.40	9491.98	9451.76	12201.09	4/1	8368.44	4/5
India							
BSE Sens.(1979)	(c)	4304.43	(c)	4628.57	12/9	3454.00	5/1
Indonesia							
Jakarta Comp.(10/8/82)	520.59	522.84	524.09	612.88	5/1	449.72	12/7
Ireland							
ISEQ Overall(4/1/88)	1833.24	1820.62	1811.72	2082.16	20/1	1694.14	1/7
Italy							
Banca Comm Ital (1972)	629.30	623.87	625.54	817.17	10/5	588.85	10/1
MIB General (4/1/94)	1019.0	1010.0	1012.0	1318.00	10/5	944.60	10/1
Japan							
Nikkei 225 (16/5/49)	19811.56	(c)	19750.65	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	287.25	(c)	287.01	311.71	13/6	268.22	4/1
Topix (4/1/68)	1569.80	(c)	1568.68	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2219.03	(c)	2209.80	2542.65	8/7	1873.33	4/1
Malaysia							
KLSE Comp.(4/4/86)	1074.41	1066.46	(c)	1314.46	5/1	928.33	4/4
Mexico							
IPC (Nov 1978)	(u)	2543.07	(c)	2881.17	8/2	1957.33	20/4
Netherland							
CBS TtlRtnGen(End 83)	439.1	437.7	433.0	464.90	31/1	406.30	21/6
CBS All Shr (End 83)	275.7	274.8	271.9	294.80	31/1	257.90	21/6
New Zealand							
Cap. 40 (1/7/86)	2113.23	2117.43	2108.73	2439.64	3/2	1945.51	11/7
Norway							
Oslo SE(Ind)(2/1/83)	1050.52	1049.14	1053.66	1211.60	28/2	980.91	21/6
Philippines							
Manila Comp (2/1/85)	3096.56	3054.99	3090.65	3308.37	4/1	2507.33	9/3
Portugal							
BTA (1977)	2877.60	2883.70	2832.00	3226.80	18/2	2612.80	20/6
Singapore							
SES All-S'pore(2/4/75)	575.58	575.15	(c)	641.61	4/1	523.29	4/4
South Africa							
JSE Gold (28/9/78)	2247.0♥	2257.0	2241.0	2534.00	7/9	1749.00	14/2
JSE Indl. (28/9/78)	6725.0♥	6732.0	6805.0	6785.00	4/11	5446.00	19/1
South Korea							
KoreaCmpEx(4/1/80)**	1119.52	1117.73	1105.74	1119.52	4/11	855.37	2/4
Spain							
Madrid SE (30/12/85)	296.82	295.50	293.24	358.31	31/1	288.65	26/10
Sweden							
AffarsvarldsGen (1/3/37)	1443.90	1447.30	1471.10	1603.90	31/1	1334.70	6/7
Switzerland							
Swiss Bk Ind (31/12/58)	1191.19	1185.91	1171.65	1423.34	31/1	1139.72	27/10
SBC General (1/4/87)	905.17	902.40	892.63	1093.29	31/1	878.57	27/10
Taiwan							
WeightedPr.(30/6/66)**	6369.11	6306.29	6342.66	7191.13	30/9	5194.63	19/3
Thailand							
Bangkok SET (30/4/75)	1522.94	1528.51	1529.10	1753.73	4/1	1196.59	4/4
Turkey							
Istanbul Cmp.Jan 1986)	25450.3	25221.3	25290.9	28883.60	13/1	12980.70	24/3
WORLD							
MS Capital Int (1/1/70)$	633.5*	634.2	637.8	649.90	2/11	581.60	4/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	1333.72	1325.53	1316.01	1540.19	31/1	1286.48	5/10
Euro Top-100 (26/6/90)	1182.83	1180.17	1169.24	1311.01	2/2	1136.48	5/10
JCapelDigns (31/12/88)	(u)	336.70	337.67	386.19	5/1	290.28	21/3
Barings Emerg.(7/1/92)	179.32	180.79	181.85	191.79	26/9	141.66	21/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Nov	1915.0	1934.0	+17.0	1940.0	1913.02	23,188	22,598
Dec	1928.0	1942.5	+17.0	1944.0	1924.0	874	26,894
Mar	1954.0	1968.5	+17.5	1962.0	1954.0	109	6,717

Open interest figures for previous day

** Sat Oct 29: Taiwan Weighted Price 6526.47; Korea Comp Ex 1098.28. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Nov 4 - 2069.39 +8.02

US INDICES

Dow Jones	Nov 3	Nov 2	Nov 1	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3845.88	3837.13	3863.37	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	94.73	94.89	94.82	105.61 (21/1)	94.73 (3/11)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1518.61	1518.84	1522.80	1862.29 (2/2)	1438.50 (6/10)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	180.13	179.15	179.48	227.98 (3/1)	175.65 (20/9)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3872.46 (3888.94) Low 3814.25 (3820.31) (Theoretical♦)
Day's high 3853.62 (3875.15) Low 3833.43 (3836.79) (Actual♦)

Standard and Poors	Nov 3	Nov 2	Nov 1	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	467.91	466.50	468.42	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	555.96	554.46	556.98	563.10 (28/10)	510.05 (21/4)	563.10 (28/10/94)	3.62 (21/6/82)
Financial	43.34	43.14	43.25	48.94 (14/6)	41.39 (4/4)	48.49 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	256.66	255.98	256.74	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	454.57	454.18	455.52	487.89 (2/2)	422.67 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	772.10	771.82	772.10	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Oct 28	Oct 21	Oct 14	Year ago
Dow Jones Ind. Div. Yield	2.70	2.72	2.71	2.77
	Nov 2	Oct 26	Oct 19	Year ago
S & P Ind. Div. yield	2.39	2.39	2.36	2.41
S & P Ind. P/E ratio	20.95	20.82	21.11	28.61

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	468.80	469.10	+0.30	471.00	467.50	67,881	204,975
Mar	472.90	472.20	+0.10	473.80	471.65	281	15,021
Jun	-	476.00	-	477.80	475.60	8	3,494

Open interest figures are for previous day

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Gen Motors	4,121,800	39	+⅛
Telefonos	3,831,000	54⅞	+¼
Officemax	3,526,300	23⅛	−⅛
Limited	3,149,200	20¼	+1¼
Wal-Mart	2,998,800	23⅝	−⅛
Philips Elec	2,525,600	32½	+⅛
Citicorp	2,483,800	46⅛	+⅛
Compaq	2,299,200	39⅝	−⅛
Gap	2,221,700	36¼	+2⅝
Utd Hlth	2,200,100	48⅜	−1⅛

■ TRADING ACTIVITY

● Volume (million)

	Nov 3	Nov 2	Nov 1
New York SE	284.489	331.348	314.959
Amex	13.471	19.060	19.039
NASDAQ	276.601	330.870	288.525
NYSE			
Issues Traded	2,898	2,908	2,880
Rises	1,086	945	610
Falls	1,042	1,259	1,614
Unchanged	770	704	656
New Highs	31	44	25
New Lows	117	170	159

† Correction. * Calculated at 15.00 GMT ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

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WORLD STOCK MARKETS

AMERICA

US jobs data fails to motivate Dow

Wall Street

The US stock market struggled to make any headway yesterday morning as lower bond prices offset a broadly encouraging October employment report, writes Patrick Harverson in New York.

By 1 pm, the Dow Jones Industrial Average was down 4.71 at 3,841.17. The more broadly-based Standard & Poor's 500 was also slightly lower at the halfway mark, down 2.04 at 465.87, while the American Stock Exchange composite was off 0.66 at 453.91 and the Nasdaq composite down 1.08 at 771.02. Trading volume on the NYSE was 161m shares by 1 pm.

The market opened in an uncertain mood after the eagerly-awaited October jobs figures proved a mixed bag for equity investors. The good news was that the labour market continued to grow last month, but not so strongly as to raise fears of resurgent inflation. The Labor department reported that non-farm payrolls increased by 194,000 in October, well below most Wall Street forecasts. The national unemployment rate, meanwhile, fell unexpectedly from 5.9 per cent to 5.8 per cent.

Overall, the report was encouraging for stocks. Share prices, however, were unable to capitalise on the figures because bond prices fell for the fifth consecutive day, pushing the yield on the benchmark 30-year government issue to a new 2½ year high of 8.132 per cent. The bond market was upset by particular details within the jobs report, namely stronger than expected manufacturing employment and wage levels.

Among individual stocks, a few prominent Dow issues managed to stay in positive territory. General Motors rose $¾ to $39⅞, Aluminum Company of America firmed $1⅛ to $84⅝, Coca-Cola added $½ at $50¼ and Merck rose $⅛ to $35⅝.

Eli Lilly fell $¾ to $64 after the drugs group announced a deal with the Federal Trade Commission that will allow Eli Lilly to purchase the drugs distributor PCS. The company's share price had risen earlier in the week in an anticipation of the agreement. Oil stocks, which were higher earlier this week, ran into selling, with Arco falling $1¼ to $105⅞ and Royal Dutch Petroleum slipping $1⅛ to $111⅞.

On the Nasdaq market, Biogen dropped $1⅞ to $38⅞ in volume of 1.3m shares as investors reacted to the news that the company had been served with several class-action lawsuits alleging federal securities law violations in connection with Biogen's plans to shut down activities related to its Hirulog product.

Bally Gaming International jumped $1½ to $12½ after reporting a sharply narrower loss for the third quarter.

Canada

Toronto stocks were firm at midday, lifted by precious metals and forestry shares.

The TSE 300 index was up by 14.57 to 4,241.39.

The precious metals index was 1.3 per cent higher at 9,974.18, with Franco-Nevada Gold rising C$2⅛ to C$84.

The paper and forest products sector was 1.03 per cent higher at 4,336.07.

Venezuela

Caracas dipped another 2 per cent, this time as fund managers studied the government's new resolution on repatriation of profits, announced five weeks ago in an attempt to bring foreign investors back into the market, but only published this week. The fund managers thought that there would be big problems in implementing the resolution, and the Merinvest composite index fell 2.84 to 138.84.

EUROPE

Selected German cyclicals take heart

Mixed US jobs data were viewed as a source of confusion in Europe, rather than any real stimulus to equities, writes Our Markets Staff.

FRANKFURT extended Thursday's short covering process in the morning and the Dax index rose 16.08 to 2,067.56 on the session, nearly 10 points carried over from Thursday afternoon. In the post bourse the Dax closed at 2,069.39, barely higher on the week.

Turnover rose from DM4.9bn to DM5.6bn. In London, James Capel's economist, Mr Stephen King, said that the German recovery had regained momentum after a soft performance in recent months and suggested that the overall continental European recovery was driving German exports.

Selected cyclicals took heart, both during the session and after hours: Hoechst in chemicals rose DM4 to DM325.50; and Daimler and MAN in automotives and Deutsche Babcock among engineers each rose by DM7.50, to DM770, DM409 and DM233.50 respectively.

However, there was more pain in retailing which had seen sell recommendations this week from various investment banks and a Thursday report showing retailers' sales down by a real 1 per cent in the first nine months of 1994. Asko closed the session DM25, or 3.2 per cent lower at DM790; after hours Karstadt and Kaufhof were down DM9 at DM610, and DM14.90 at DM494.

FT-SE Actuaries Share Indices

Nov 4 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1331.07	1329.81	1329.77	1330.89	1330.76	1327.94	1334.15	1333.72
FT-SE Eurotrack 200	1397.83	1395.90	1394.94	1394.59	1395.22	1397.31	1398.42	1398.55

	Nov 3	Nov 2	Nov 1	Oct 31	Oct 28
FT-SE Eurotrack 100	1325.53	1316.01	1331.23	1337.14	1326.61
FT-SE Eurotrack 200	1393.66	1382.57	1392.30	1400.54	1386.91

Base 1000 (26/10/90); Highday 100 - 1334.48; 200 - 1400.88 Lowday 100 - 1327.57 200 - 1393.21 † Partial

PARIS saw an improvement after the release of US data following a nervous morning session. The CAC-40 index added 20.52 or 1 per cent to 1,931.65, for a rise of 1.4 per cent on a holiday-shortened week.

Turnover was estimated at over FFr4bn. Rhône-Poulenc slipped 70 centimes to FFr133.20 on profit-taking following Thursday's better than expected nine-month results.

Goldman Sachs revised upwards its full year eps forecasts for the chemicals group to FFr6.50 for 1994 from FFr4.40 and to FFr11.80 for 1995 from FFr9.80.

Peugeot dipped FFr6 to FFr801, partly in reaction to investors switching into Renault, whose institutional subscription period closed on Thursday and which was 15.5 times subscribed.

ZURICH finished higher in active trading, lifted by the firmer dollar and content with the US jobs data. The SMI index picked up 6.2 to 2,541.0, up 2 per cent on the week.

Holderbank rose SFr59 or 6.1 per cent to SFr1,020 after the building materials group forecast that consolidated net income for 1994 would rise by 37 per cent. The group has seen earnings upgrades from a number of analysts in recent weeks, but the forecast still proved sharply above even the best expectations.

Landis & Gyr, recently near its low for the year, picked up SFr70 or 10.5 per cent to SFr735 after Thursday's profits forecast, and a statement which cleared the air after worries about its pension fund.

Winterthur registered added another SFr10 to SFr651 in further response to Thursday's interims while Swiss Re gave up SFr7 of recent gains to SFr748 on further switching into Winterthur.

AMSTERDAM's AEX index added 0.40 to 410.76 to gain 0.5 per cent on the week. Hoogovens rose Fl 1.90 to Fl 82.00 on rising aluminium demand and its reiterated forecast that it expected a substantial second half improvement.

Among second line stocks Volmac, the Dutch computer services group in which Cap Gemini Sogeti of France has a majority stake, rose to a new year's high of Fl 24.50, up Fl 1.10, on reports of increased order books.

MILAN was still fixated on banks as the Comit index added 5.43 to 629.30 for a 0.8 per cent rise on the week.

Credito Romagnolo rose L429 to L16,962, investors digesting news that a 2 per cent block of its shares had changed hands at L19,500. Credito Italiano, pressing ahead with its bid for Romagnolo, fell L13 to L1,571.

Ambroveneto gave up L106 to L5,232 on the view that there was little upside left after BCI's bid for at least 50 per cent of the stock. BCI lost L37 to L3,533.

Premafin fell L153 or 9.4 per cent to L1,482 after news that its planned to raise up to L222bn through the issue of shares with warrants.

Olivetti rose L50 to L1,888 and Cir was L54 or higher at L1,809, although analysts said there was no news to account for the rises.

COPENHAGEN's the KFX index fell only 0.64 to 93.19. However, serious problems at the shipper and shipbuilder, B & W, dropped the latter by 54 per cent and hit its bankers. B & W B fell DKr65 to a new 1994 low of DKr55, compared with a high of DKr533 in February. Den Danske Bank and Unibank dropped DKr7 to DKr224, and DKr6 to DKr313 respectively.

Written and edited by William Cochrane, John Pitt and Michael Morgan

SOUTH AFRICA

Johannesburg golds hovered around weaker levels on the back of a directionless gold price while industrials and financials consolidated early gains, with overseas interest still evident. The overall index ended 22 higher at 5,862, industrials rose 44 to 6,781 and golds lost 8 to 2,249.

Belgian recovery offset by dollar and rate rises

Emma Tucker views opposing forces in Brussels

The good news for investors in Belgian equities is that recovery of the country's compact but heavily industrialised economy has outstripped virtually all expectations.

At the beginning of the year, growth of 1 per cent was the most that many analysts hoped for. Eleven months on, new forecasts are hovering between 1.5 and 2 per cent for 1994.

The economy's strength has buoyed the so-called cyclical components of the Belgian stock market, measured by the Bel-20 index of leading shares. These well established Belgian blue-chips – Solvay, Petrofina and UCB, for example – have had, as one analyst described it, a "spectacular" recovery in earnings.

But two opposing forces have all but neutralised these positive steps: a sustained rise in long-term interest rates since the beginning of the year; and the weak US dollar.

"The big cyclical companies were supposed to be helped by the recovery, but instead they have come down thanks to the dollar and interest rates," says Mr Pierre Stiennon, Belgian equities analyst at Goldman Sachs in London.

As long-term interest rates in Germany have moved upwards, so Belgium's have followed suit, to settle roughly at 8.5 per cent. There are still question marks over the government's ability to reduce the size of the budget deficit; with the market still demanding a risk premium for investing in Belgium, the long-term rate is about 90 basis points higher than in Germany.

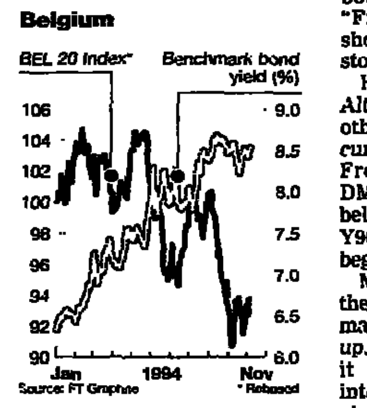
Short-term rates are also more likely to rise than fall. "Even if the next step by the Bundesbank is down, I think that by this time next year, short-term rates will be higher," says Mr Guy Lerminiaux, an analyst at Petercam in Brussels. "Inflation pressures may not be particularly visible, but they are certainly around."

The weakness of the dollar has affected the competitiveness of companies not just in Belgium but across all of Europe. Furthermore, many of Belgium's biggest companies are highly sensitive to fluctuations in the dollar, with interests in the US and denominating much of their business in the currency.

A good example is Union Minière, the Brussels-based mining and minerals company. It sells a large part of its products to the European car industry but, as a largely dollar denominated company, has suffered from the US currency's decline.

The result is that compared with a year ago, the bourse has remained virtually flat, the Bel-20 hovering at around 1,350 points, down just 1.5 per cent. Since the beginning of the year, when optimism about the recovery pushed prices higher, it has sunk by about 10 per cent. It is thus roughly in line with other European bourses.

Belgium



Domestically, economic conditions are stable. In October, inflation dropped to 2.12 per cent on an annualised basis and, as the Belgian daily newspaper Liberacion optimistically described the situation: "Even if a small lift is expected before the end of the year, the inflationary menace is not particularly present." Meanwhile, the Belgian savings ratio remains high, at over 20 per cent, with consumers displaying characteristic caution and preferring to wait before parting with savings.

This is bad news for the distribution companies, such as Delhaize le Lion, the supermarket group, which have as yet shown few signs of recovery. A more buoyant domestic scene would also help the banks which continue to make most of their profits in Belgium.

How, then, are analysts who track Belgian stocks weighing up the future?

"I think the interest rate outlook is more or less neutral," says Mr Stiennon of Goldman Sachs. "We believe that long-term interest rates will stay roughly where they are."

A boost may be on hand, however, from the dollar. "We believe that the dollar has hit bottom," adds Mr Stennion. "From now on, the dollar should be helpful for cyclical stocks."

He may be a little optimistic. Although he is not alone, some other analysts believe the US currency still has lower to go. From roughly Y97.30 and DM1.51 this week, pessimists believe the dollar could drop to Y90-Y95 and DM1.45 before beginning its ascent.

Mr Lerminiaux believes that the next move for the stock market will be a hesitant step up. "But I am not sure whether it will be the cyclicals, the interest rate sensitive companies, or the distribution sector. I take the slightly contrary view that some of the banks and retailers will do well," he says.

One positive piece of news is the decision by the authorities, announced earlier this month, to deregulate fees on bourse orders, a move which is widely expected to lead to lower fees for large private client orders.

The change was designed to bring the Belgian market into line with other stock exchanges but would have almost no impact for institutional orders where the fees are already freely negotiated in many operations.

Banque Bruxelles Lambert was one of the first companies to react. It lowered its fees on all private client orders of more than BFr7m to 0.3 per cent. Under the previous system, investors paid fixed commission fees of between 0.8 per cent and 1 per cent for orders of less than BFr5m as well as a fixed 200 francs per transaction.

ASIA PACIFIC

Nikkei up despite currency concerns

Tokyo

Concern over volatile currency movements prevailed but the Nikkei index gained on arbitrage buying and index-linked purchases by investment trust funds, writes Emiko Terazono in Tokyo.

The Nikkei 225 average rose 60.91 to 19,811.56 after a high of 19,872.87 and a low of 19,768.95, barely changed on the week. Most investors remained absent after the dollar's plunge to a new record low against the yen in New York on Thursday.

Volume was 204m shares against 251m. The Topix index of first section stocks gained 1.12 to 1,569.80 while the Nikkei 300 edged up 0.24 to 287.25. Gains led losses by 501 to 464 with 214 unchanged.

In London, the ISE/Nikkei 50 index rose 2.10 to 1,289.32.

Some traders expected institutional investors to remain inactive until the yen-dollar exchange rate stabilised. Others saw a halt in the yen's appreciation and in the implicit rise in the value of Japanese stock holdings – triggering profit-taking by overseas investors.

Individual investors traded small capital stocks. Nakabayashi, an office equipment maker, jumped Y65 to Y970 in active trading due to increased interest in its pachinko, or Japanese pinball, related business.

Some high-technology stocks were higher in spite of the yen's fluctuations. NEC rose Y10 to Y1,220 and Matsushita Electric Industrial added Y10 to Y1,600.

Steel stocks were traded actively: Nippon Steel, the most active issue of the day, remained unchanged at Y398 and Sumitomo Metal Industries lost Y5 to Y358.

In Osaka, the OSE average fell 14.56 to 21,962.31 in volume of 17.7m shares.

Roundup

HG Asia (Singapore) recommended investors to increase weightings for Singapore and South Korea, but to trim allocations in Hong Kong and go underweight in Malaysia, Indonesia, India and the Philippines.

HONG KONG had a switchback ride as early gains, which followed the signing of the financing agreement for the new airport, were pared before prices recovered once again. The Hang Seng index finished 38.44 higher at 9,530.40, for a 1.6 per cent rise on the week.

HG Asia's Hong Kong reservations came in spite of the broker's forecast that the Hang Seng index will rise to 12,000 by March, fuelled by a surge in prices in the residential property market.

SEOUL finished at a record high although profit-taking erased most of the gains made in early trading. The composite index ended 1.79 higher at 1,119.52, 2.0 per cent higher on the week after an intraday high of 1,129.99. Some primary blue chips such as Samsung Electronics and Posco stayed under pressure, Samsung going limit down Won3,000 to Won132,000 and Posco losing Won1,700 to Won72,000.

SHANGHAI's A share index ended another volatile week with a 7.3 per cent fall. Losing 53.95 to 681.63, the index was 2.9 per cent lower on the week and 60 per cent down since the end of September.

KUALA LUMPUR stayed uncertain, a rebound cut back as investors cut their losses. The composite index closed up 7.95 at 1,074.41, 4.1 per cent lower over the week.

TAIPEI saw late buying in electronics and plastics push up the weighted index up 1 per cent to 6,369.11 for a week's loss of 3.5 per cent. In electronics, sold recently, Acer rose by the daily 7 per cent limit to T$90.50.

MANILA was encouraged by a decline in the inflation data for October, which helped the composite index to a rise of 41.59 to 3,096.583, up 1 per cent on the week.

SYDNEY squared positions ahead of the weekend. The All Ordinaries index lost 9.3 to 1,999.8 in turnover of A$400m, down 1 per cent this week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY NOVEMBER 3 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY NOVEMBER 2 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	170.23	-0.7	156.02	105.03	134.04	152.43	-0.7	3.66	171.38	154.69	104.22	133.16	153.57	189.15	149.36	161.48
Austria (16)	184.43	-0.8	169.04	113.79	145.22	145.22	0.5	1.11	185.87	167.86	113.09	144.49	144.47	198.89	167.46	178.07
Belgium (35)	169.29	-0.4	155.16	104.45	133.31	129.86	0.7	4.25	169.95	153.39	103.35	132.04	128.92	177.04	150.60	152.84
Brazil (28)	170.86	-3.6	156.41	105.29	134.38	265.28	-3.5	0.78	177.07	159.83	107.68	137.58	274.93	-	-	-
Canada (103)	133.39	-0.4	122.25	82.30	105.05	131.27	-0.1	2.59	133.92	120.88	81.44	104.05	131.41	145.31	120.54	133.69
Denmark (33)	249.91	-1.4	229.05	154.19	196.78	201.70	0.0	1.47	253.39	228.71	154.09	196.88	201.67	275.79	230.27	240.48
Finland (24)	197.00	-0.8	180.56	121.54	155.12	191.98	-0.1	0.73	198.60	179.26	120.77	154.31	192.19	201.41	116.85	128.99
France (101)	170.28	0.3	156.05	105.04	134.06	138.74	1.7	3.13	169.75	153.22	103.23	131.89	136.42	185.37	159.34	166.85
Germany (58)	143.36	-0.9	131.40	88.45	112.88	112.88	0.4	1.83	144.71	130.62	88.01	112.44	112.44	150.40	128.37	134.34
Hong Kong (56)	385.77	0.4	353.57	238.01	303.77	382.81	0.5	3.13	384.11	346.70	233.59	298.45	381.08	506.56	341.29	376.17
Ireland (14)	208.25	-0.8	190.87	128.49	163.99	183.34	0.4	3.45	209.97	189.52	127.69	163.15	182.58	216.60	172.05	177.78
Italy (59)	77.85	0.1	71.35	48.03	61.30	90.38	1.1	1.74	77.77	70.20	47.29	60.43	89.39	97.78	57.88	67.89
Japan (468)	161.09	-1.4	147.64	99.39	126.85	99.39	0.0	0.77	163.43	147.51	99.39	126.99	99.39	170.10	124.54	152.13
Malaysia (97)	521.60	-2.7	478.07	321.82	410.73	514.21	-2.5	1.63	536.03	483.82	325.98	416.49	527.40	621.63	430.71	486.00
Mexico (18)	2082.65	-0.6	1908.72	1284.89	1639.84	7823.87	-0.7	1.31	2095.36	1891.25	1274.24	1628.03	7877.47	2647.08	1698.28	1852.51
Netherland (19)	219.13	-0.1	200.85	135.20	172.56	168.90	1.3	3.40	219.36	197.99	133.40	170.44	167.79	223.30	187.01	196.69
New Zealand (14)	77.20	0.2	70.75	47.63	60.79	66.57	0.4	3.85	77.06	69.55	46.86	59.87	66.29	77.59	59.22	68.17
Norway (23)	200.29	-1.7	183.57	123.57	157.71	179.63	-0.4	1.84	203.73	183.86	123.89	158.29	180.35	211.74	165.52	182.71
Singapore (44)	394.58	-1.3	361.65	243.45	310.71	267.06	-1.1	1.58	399.81	360.87	243.13	310.65	270.17	401.38	294.66	322.66
South Africa (59)	334.42	1.8	306.50	206.33	263.33	290.32	2.1	2.13	328.00	296.06	199.47	254.85	293.22	342.00	202.72	211.54
Spain (38)	141.25	-0.5	129.46	87.15	111.22	135.07	0.8	4.32	141.93	128.11	86.31	110.28	134.01	155.79	128.88	142.37
Sweden (36)	231.54	-3.8	212.21	142.85	182.32	251.67	-1.6	1.59	240.78	217.33	146.43	187.08	255.85	242.68	175.83	202.80
Switzerland (47)	164.72	-0.6	150.97	101.63	129.70	128.43	1.2	1.88	165.69	149.55	100.76	128.73	127.89	176.56	143.64	147.24
Thailand (46)	180.58	-0.4	165.51	111.42	142.20	174.73	-0.3	1.87	181.36	163.70	110.29	140.92	175.23	-	-	-
United Kingdom (204)	203.83	-0.8	186.82	125.76	160.51	186.82	0.7	4.09	205.58	185.56	125.02	159.74	185.56	214.96	181.11	189.83
USA (515)	191.14	0.3	175.19	117.93	150.51	191.14	0.3	2.86	190.62	172.05	115.92	148.11	190.62	196.04	178.95	188.45
Americas (664)	178.65	0.2	163.74	110.22	140.68	148.48	0.2	2.79	178.35	160.98	108.46	138.57	148.21	-	-	-
Europe (707)	173.71	-0.7	159.21	107.18	136.79	150.36	0.8	3.11	174.89	157.85	106.35	135.88	149.18	178.58	154.79	160.93
Nordic (115)	225.77	-2.6	206.92	139.29	177.77	209.15	-0.9	1.42	231.87	209.29	141.01	180.16	210.11	233.91	173.19	193.11
Pacific Basin (793)	170.28	-1.3	156.07	105.06	134.08	110.07	-0.1	1.10	172.55	155.75	104.94	134.07	110.18	176.86	134.79	160.60
Euro-Pacific (1500)	171.61	-1.0	157.28	105.88	135.13	128.17	0.3	1.98	173.42	156.52	105.46	134.74	125.83	175.14	143.88	160.63
North America (618)	187.56	0.2	171.90	115.72	147.69	187.03	0.3	2.85	187.10	168.88	113.78	145.37	186.55	193.73	175.67	185.06
Europe Ex. UK (503)	154.01	-0.6	141.16	95.02	121.27	129.14	0.8	2.52	154.88	139.80	94.19	120.34	128.05	158.12	135.94	142.20
Pacific Ex. Japan (325)	259.85	-0.7	238.16	160.32	204.62	230.52	-0.7	2.77	261.74	236.25	159.17	203.37	232.06	296.21	232.54	242.52
World Ex. US (1708)	173.30	-1.0	158.83	106.92	136.46	129.85	0.3	1.96	175.02	157.97	106.43	135.99	129.51	176.65	145.58	161.35
World Ex. UK (2019)	175.70	-0.5	161.04	108.40	138.35	144.86	0.2	2.08	176.61	159.41	107.40	137.22	144.54	178.59	155.96	167.39
World Ex. Japan (1755)	189.29	-0.2	173.49	116.79	149.05	177.69	0.4	2.89	189.63	171.16	115.32	147.34	177.03	195.20	176.34	180.41
The World Index (2223)	178.18	-0.6	163.31	109.93	140.30	146.66	0.3	2.27	179.16	161.71	108.95	139.20	148.27	180.80	158.85	169.37

Latest prices were unavailable for this edition. Japanese market closed 3/11/94.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Domecq	550	53	62½	68	5	11	19½
(*597)	600	19	33	40	23½	31	42½
Argyll	260	14½	22	25	11½	16½	21½
(*264)	280	6½	13½	16½	23	28	33
ASDA	60	8	8	9½	2½	3½	5
(*63)	70	2	4	5½	8½	9½	10½
Brit Airways	360	19	30	36	16½	22	29½
(*362)	390	8	17½	23½	36	40	47
Smll Bchm A	390	30½	39	46	10	16½	21½
(*411)	420	14½	24	31	24	31	36½
Boots	500	24½	37	44½	14	20	26½
(*512)	550	6	16½	22½	48	50	56
BP	420	22	30½	38½	12	20	24½
(*427)	460	6	13½	22	37½	43	47
British Steel	140	17½	23	25½	2½	5	7
(*154)	160	5½	11½	14½	11	13½	15½
Bass	550	21	31	40	25½	31	38½
(*556)	600	5½	13½	21½	62½	66	71
Cable & Wire	390	31	42	50	13	19	26
(*407)	420	16	27½	35½	28	33½	41
Courtaulds	420	45	55½	62	6	10	17
(*459)	460	20	32	38½	21½	26	35
Comm Union	543	31	40	-	14½	30	-
(*553)	592	10	18½	-	43½	60½	-
ICI	750	47	60½	70	15½	33	42
(*772)	800	21	35½	46	41½	60	69
Kingfisher	420	51	62	65½	5	12	17½
(*459)	460	24½	38½	42	18½	27½	35
Land Secur	600	30	42	49	11½	16	26½
(*619)	650	8	19	25	42	43½	55½
Marks & S	390	32½	42	45½	4½	10	13
(*415)	420	14	24½	27½	16	21½	26½
NatWest	500	27	38	46½	16½	33	37½
(*505)	550	8	17½	26	48½	64½	68
Sainsbury	390	30½	43½	51½	6½	14	21
(*413)	420	13½	27	35½	21½	28	35½
Shell Trans.	700	38½	49	58	11	24	29
(*720)	750	12	23	31	35½	51	55½
Storehouse	200	19½	23½	27	3½	6	7½
(*215)	220	8	12½	18½	12½	15	16½
Trafalgar	80	7	9½	12	4	6	7
(*83)	90	2½	5½	7½	9½	11½	12½
Unilever	1100	55	75½	87	19	35	46
(*1130)	115	28½	48½	61	43	60	71
Zeneca	850	45½	60½	72	21	39	46
(*866)	900	22	36	48½	48	66	73½
Option		Nov	Feb	May	Nov	Feb	May
Grand Met	390	23½	33½	40	2	12½	16½
(*411)	420	5½	17	24½	14	28	31½
Ladbroke	140	8	16	19	1½	6	9½
(*146)	160	½	7	10½	14	17	21
Utd Biscuits	300	19	30½	35	1½	6	13½
(*318)	330	4	14	19½	14½	19½	30
Option		Dec	Mar	Jun	Dec	Mar	Jun
Fisons	110	11	15½	18½	5	8	8½
(*117)	120	6½	11	14	10	13½	13½
Option		Nov	Feb	May	Nov	Feb	May
Brit Aero	420	39	56	64	4½	15½	24½
(*454)	460	13½	34½	43½	20	33	44
BAT Inds	420	19	33	41½	3½	12½	25½
(*434)	460	2	14	22½	27½	34	48
BTR	300	8	20	24½	4½	11	18½
(*303)	330	1	7	12½	27	29½	37
Brit Telecom	390	10	18	26	4½	15	19½
(*395)	420	½	6½	13	25	35	37½
Cadbury Sch	420	23½	35½	40½	2	8	16½
(*440)	460	3	15	20½	21½	27	38
Eastern Elec	800	19½	44	61½	24½	47½	58
(*802)	850	4½	23	40½	55	76½	85½
Guinness	460	12	26	34	4½	12½	22
(*466)	500	½	9½	16	34	37	45½
GEC	280	9½	16½	22½	3	9½	12
(*286)	300	2½	8	13	14½	21	23

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Hanson	220	9½	14	17½	2	8	11½
(*226)	240	1	5	8½	14	20	23
Lasmo	134	13	-	-	1	-	-
(*146)	154	1½	-	-	10	-	-
Lucas Inds	180	17	23	27	½	4½	8
(*195)	200	4	11½	16	7½	12½	16½
P & O	600	43	58½	69	2	11	25½
(*639)	650	11	29½	41	19½	30½	49½
Pilkington	180	16½	19½	24	½	4	7
(*195)	200	3½	8½	13	7½	13½	16
Prudential	300	24½	33	37	½	5½	11½
(*323)	330	4½	15	19½	10½	17½	26½
RTZ	800	52	73½	82½	2	13	26½
(*848)	850	15½	42½	53	15½	32	49
Redland	460	17	34½	42½	5½	16	30
(*469)	500	2½	16½	24½	31½	38½	55
Royal Insce	300	14	26	32½	5	14½	20
(*308)	330	2½	13½	20	23½	31½	37
Tesco	220	16	23½	28½	½	4½	10
(*234)	240	3	11½	17	8	13	19½
Vodafone	200	12	18½	25½	2	8	10½
(*209)	217	3	10½	-	10	16½	-
Williams	325	22	-	-	½	-	-
(*345)	354	4	-	-	11½	-	-
Option		Jan	Apr	Jul	Jan	Apr	Jul
BAA	500	27	39	46½	9	14	20
(*517)	525	13½	25½	-	21	26	-
Thames Wtr	500	33	46	53½	12	17	28½
(*526)	550	10	23	29	42	44½	56
Option		Dec	Mar	Jun	Dec	Mar	Jun
Abbey Natl	390	34	42½	46½	4	12½	18
(*416)	420	14½	24½	30	14½	27	32½
Amstrad	25	5	5½	7	½	1	2
(*29)	30	2	3	4	2½	3½	4½
Barclays	550	47½	61	68	5½	17½	23½
(*587)	600	16½	32½	41½	24	41	48
Blue Circle	280	15½	23½	29½	7	12	20
(*286)	300	6½	14½	20	18	22½	31
British Gas	280	18	26	29½	4	9	20
(*291)	300	6½	14½	20	18	22½	31
Dixons	180	16½	21½	26½	4	9½	12½
(*191)	200	6½	12	16½	13½	19½	23
Hillsdown	160	12½	16½	20½	3	5½	10
(*168)	180	3	6½	11	13½	16	21½
Lonrho	140	10½	14	18½	4	9½	11
(*144)	160	3	6	11	18½	22	22½
Natl Power	460	39	51	62	5	12½	20½
(*494)	500	15	28	39½	21	29½	39
Scot Power	330	33½	40½	48½	4½	12½	16½
(*356)	360	15	23½	33	16	25½	30½
Sears	100	10	13	14½	1	3	5
(*108)	110	4	7½	9	4½	7½	10
Forte	220	18½	24	28	4½	6	11½
(*233)	240	7	13	17	13	14½	21½
Tarmac	120	8½	14	16½	5	8	11
(*123)	130	4	9	12	10½	13½	16½
Thorn EMI	950	47	61½	83½	11½	26½	34½
(*978)	1000	19½	38	56	33½	51½	58½
TSB	220	16	20½	25	4	10½	13½
(*230)	240	6	10½	15½	14	21	24½
Tomkins	200	16	21	25½	3½	7½	11
(*211)	220	5½	11	15½	13	17½	21
Wellcome	600	57½	76	87½	9½	21	32
(*643)	650	27	48	60½	29	42	55
Option		Jan	Apr	Jul	Jan	Apr	Jul
Glaxo	600	37½	52	65	23½	38½	45½
(*607)	650	16½	29½	43½	52½	67½	74
HSBC 75p shs	700	59	75½	87	18	40	50½
(*733)	750	31	49½	62	40½	66	76½
Reuters	460	40½	51½	59	10	17	21½
(*487)	500	17½	29½	38	27	35½	40½
Option		Nov	Feb	May	Nov	Feb	May
Rolls-Royce	160	17½	23	28½	½	3½	7
(*177)	180	3½	11	15½	6½	11½	16

* Underlying security price. Premiums shown are based on settlement prices.
November 4. Total contracts: 18,335 Calls: 9,691 Puts: 8,644

FT GOLD MINES INDEX

	Nov 3	% chg on day	Nov 2	Nov 1	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	2124.23	-0.1	2125.45	2135.27	1949.08	2.04	2367.40	1762.02
■ Regional Indices								
Africa (16)	3482.28	+0.4	3470.13	3449.21	2623.89	3.99	3711.87	2304.45
Australasia (7)	2726.53	+0.2	2722.42	2765.65	2267.51	1.80	3013.88	2171.66
North America (11)	1631.33	-0.4	1637.49	1651.90	1708.35	0.82	2039.65	1468.11

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines index: Nov 4: 267.3 ; day's change: +1.8 points; Year ago: 235.8 † Partial

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	63	4	4	189	135	31
Other Fixed Interest	0	3	11	0	4	66
Mineral Extraction	70	34	92	242	321	417
General Manufacturers	139	98	398	562	609	2,004
Consumer Goods	42	36	109	192	196	547
Services	74	97	324	399	454	1,622
Utilities	9	23	12	93	78	49
Financials	124	48	192	422	473	929
Investment Trusts	88	37	340	457	399	1,469
Others	63	15	35	231	182	162
Totals	672	395	1,517	2,787	2,851	7,296

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	October 24	Expiry	January 26
Last Dealings	November 4	Settlement	February 9

Calls: Alvis, Biotrace, Butts (Pref), CRP Leisure, Kunick, Lister, Sphere Inv Tst, Tadpole Tech, Tullow Oil, Verson Intl. Puts: Biotrace. Puts & Calls: Kunick, Lonrho.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	0.82	6½	4	APTA Wnts.	6	-½	-	-	-	-
-	F.P.	17.5	87½	70	Abtrust Latin Am	87½		-	-	-	-
-	F.P.	2.32	63	55	Do Warrants	58		-	-	-	-
-	F.P.	11.2	186	180	§Adare Prntg	185	+5	Q26%	8.1	1.4	10.8
-	F.P.	10.1	75	63	Artesian Ests.	75	+2	-	-	-	-
100	F.P.	175.0	93	85½	BZW Commodities	87½	+½	-	-	-	-
-	F.P.	16.4	47	39	Do. Wrts	41		-	-	-	-
-	F.P.	48.5	92	65	§Calluna	90		-	-	-	-
280	F.P.	30.3	287	280	Churchill China	285		RN9.86	2.2	4.3	13.0
63	F.P.	12.2	68	65	Ennemix	67		RN0.71	5.3	1.3	8.4
-	F.P.	56.7	140	108	Filtronic C'tek	135	+1	RN0.75	2.6	0.7	45.4
115	F.P.	37.6	126	115	Games Workshop	121	-2	RN4.6	2.2	4.8	11.4
-	F.P.	2.00	35	24	Group Dv Cop Wts	24		-	-	-	-
-	F.P.	29.0	62	58	Hambros Sm Asian	58		-	-	-	-
-	F.P.	2.70	30	27	Do Warrants	27		-	-	-	-
180	F.P.	167.5	223	205	Irish Permanent	220	+3	uN6.0	4.6	3.4	7.7
-	F.P.	340.9	490	475	Prolific Inc.	487		-	-	-	-
135	F.P.	57.9	149	136	Servisair	144		RN3.6	1.3	3.3	23.4
-	F.P.	8.28	62	57	Whitchurch	62		RN1.25	3.0	2.5	13.0

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
17	Nil	2/12	2pm	¼pm	APTA Health	¼pm	
20	Nil	9/12	4½pm	1¼pm	Butlers	1¼pm	-1¼
500	Nil	12/12	50pm	19pm	Matthew Clark	19pm	-3
26	Nil	22/11	½pm	¼pm	Novo	½pm	
180	Nil	9/12	18pm	5pm	Sidlaw	15pm	
5	Nil	15/11	2½pm	¾pm	§Union Square	¾pm	

FINANCIAL TIMES EQUITY INDICES

	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Yr ago	*High	*Low
Ordinary Share	2371.7	2377.2	2355.4	2360.0	2351.9	2332.0	2713.6	2240.6
Ord. div. yield	4.35	4.34	4.38	4.36	4.37	3.97	4.51	3.43
Earn yld. % full	6.26	6.24	6.24	6.22	6.23	4.63	6.51	3.82
P/E ratio net	17.43	17.47	17.45	17.52	17.48‡	27.05	33.43	16.94
P/E ratio nil	17.96	18.00	17.99	18.06	18.01	25.09	30.80	17.09

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35. ‡Corrected values.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2378.4	2378.0	2377.4	2369.5	2368.4	2367.8	2369.4	2373.0	2372.3	2379.7	2367.1

	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Yr ago
SEAQ bargains	23,845	23,925	19,193	24,499	27,021	33,679
Equity turnover (£m)†	-	1795.8	1189.8	1075.0	1111.7	1739.0
Equity bargains†	-	27,391	27,522	26,560	29,117	36,873
Shares traded (mi)†	-	622.4	471.6	435.2	392.8	628.6

†Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£21⅞	-⅛	£25⅝	£19⅞	4,630	5.1	♦
ANZ A$		174	-1	278¼	171	2,316	5.3	26.7
Abbey National	†N□	416	—	523	380½	5,457	4.7	14.0
Allied Irish I£	♣†N□	257	+4	314	233	1,713	4.9	9.9
Anglo Irish I£	N♣□	56	—	*78	50	102.7	7.7	10.2
Asahi Y	□	889½	+4	919½	828	15,531	0.7	♦
Banco Bil Viz Pta	□	£18⅜	+⅜	£18⅞	£14⅞	3,734	5.0	7.4
Banco Sant Pta		£27⅞	—	*£30½	£23¾	4,094	5.3	9.6
Bk Ireland I£	♣□	286	+3	*319	246	1,357	4.6	8.3
Bank Scotland	♦†N□	207xd	—	247	172½	2,415	3.2	11.7
9¼pc Pf		107¼xd	+¼	141½	106	107.2	10.8	–
9¼pc Pf		112¼xd	+¼	148½	111¼	112.2	10.9	–
Barclays	♣†N□	586	-4	648	487	9,604	3.5	18.1
Dai Ichi Kan Y	□	£11¼	+⅞	£12⅞	£10⅞	34,870	0.5	–
Deutsche DM	□	£298⅞	-1⅞	£344¼	£270⅞	14,219	2.3	–
Espirito Santo	□	£7⅞	+⅞	*£13⅞	£7⅞	189.6	4.7	4.1
First Nat Fin	N□	68	—	*98	60	114.8	2.8	–
6.3pc Cv Pf		71	—	*99	71	4.77	11.1	–
7pc Cv Pf		125½	—	171	123	58.6	7.0	–
Fuji Bank Y	□	1359	+½	1549¼	1162½	39,279	0.4	♦
HSBC HK	†N□	737xd	+7	1133	690	12,897	4.2	10.7
HSBC (75p Shs)	†N□	753xd	+7	1113	680	6,237	4.2	10.8
Lloyds	†N□	574	+2	668	519	7,444	6.0	11.3
Mitsubishi Y	□	£14⅞	—	£16⅞	£14⅞	42,937	0.4	♦
Mits Tst & Bk Y	□	947¼	-2¼	1162¼	887½	11,352	0.5	15.0
Mitsui Tst & Bk Y	□	689½	+5¼	879	514	8,380	0.8	23.6
Nat Aust A$	†	496	—	620¼	472	6,505	5.6	10.4
NatWest	†N□	506	+1	622	421	8,657	4.8	9.4
Ottomane FFr		222	+¼	533	£21¼	110.0	6.6	♦
Ryl Bk Scotland	♣†N□	432	—	528	377½	3,820	3.3	20.4
Sakura Y	□	£8⅞	+⅛	£9⅞	£8⅞	27,558	0.7	51.3
Sanwa Y	□	£12⅞	+⅛	£15⅛	£11⅞	37,255	0.4	–
Standard Chartd	†N□	289	+2	*389¼	223	2,783	2.8	9.9
7 3/8pc Prf		85¼	—	108½	82¼	85.2	10.8	–
Sumitomo Y	□	£11⅞	+⅛	£18⅛	£11⅞	38,045	0.5	24.4
Sumitomo Tst Y	□	906	+13	1146½	625	11,270	0.6	♦
TSB	†N□	230	+½	281	197	3,821	4.4	11.6
Tokai Y	□	£7⅞	+⅛	£9	£6⅞	15,497	0.8	47.6
Toyo Tst & Bk Y	□	689½	+2¼	882	586¼	5,497	0.7	81.7
Westpac A$		203¼	—	260	194	3,710	2.7	♦
Yasuda Tst Bk Y	♣□	531	-11¼	668	442	5,857	0.9	46.8

BREWERIES

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs	□	2	—	10¼	1½	7.42	–	–
Bass	†N□	555	+3	619	485	4,845	4.7	14.5
Boddington	†N□	249½	-1½	288	249	302.6	4.2	13.4
Burtonwood	†N	182	-3	196	168	37.9	3.5	15.1
Eldridge Pope A	♣†N	168	—	181	142	32.7	2.7	23.3
Fosters A$		53	-1	66	46¼	1,709	5.3	♦
Fuller STA	♣♣N	378	—	493	375	77.1	2.6	15.6
Gibbs Mew	♣♣N	440	-5	*488	348¼	47.1	2.5	15.8
Greenalls	♣†N□	407	-4	511	399	690.6	3.9	15.6
Greene King	N□	529	—	584	452	223.8	3.0	14.7
Grosvenor Inns	♣♣N	143	—	*185	124	19.0	4.2	♦
Hall Ln	†N	3500	—	3773	3125	105.0	1.8	19.3

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

FOOD MANUFACTURERS

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 high	low	Yld Gr's	NAV	Dis or Pm(-)
Perpetual Japan	□	104½	—	120	89	-	100.6	-3.5
Warrants	□	47	—	88	45½	-	-	-
Personal Assets		£87xd	—	£94	£79	2.8	8565.1	-4
Pilot Inv	N□	125	—	153	124	1.5	124.3	-.6
Warrants	□	44	—	69	40½	-	-	-
Piper Euro Smlr	□	84	—	86	91	-	89.1	-5.2
Warrants	□	41	—	43	33	-	-	-
Primadona	N	273	—	293	261	2.1	302.4	9.7
Ptarmigan Intl	♣N□	225	+3	*278	206	1.9	239.5	6.1
Warrants		61	—	140	78	-	-	-
RIT Capital	♣N□	175	+1	189	164½	1.1	210.0	18.0
2½pc Cv Ln 2000		£175	—	£186½	£170½	1.4	-	-
Radiotrust		70	—	88	69	-	71.1	1.5
Rights & Iss Inc	XN	155	—	164	153	7.3	-	-
Cap	N	483	—	545	440	2.3	542.7	11.0
Riv & Merc Am Inc	N	104xd	—	121	104	8.4	-	-
Cap	□	29½	—	38	29	-	40.5	27.2
Warrants		13½	—	17	13	-	-	-
Riv & Mer Ext	N□	93xd	—	147	91	10.5	101.8	8.6
Warrants		17	—	49	14	-	-	-
Zero Div Pf		109	—	118½	108	-	-	-
Riv & Mer Geared	N	87	—	118	86	11.0	-	-
Prfd Cap 1999		28	—	35	23	-	33.7	16.9
Riv & Merc Smlr	N□	122xd	—	170	118	4.2	135.8	10.2
Warrants		35	—	77	31	-	-	-
Riv & Merc Tst Inc	N□	112	-1	127	112	10.3	-	-
Cap	□	121	—	150	118	-	187.9	35.6
Warrants		29½	-1	40	23½	-	-	-
Do. Stpd Pd	N	180	—	193	144	4.9	-	-
River Plate Inc	N□	108	—	113	108	10.3	-	-
Cap	□	76	-1	118	76	-	123.3	38.4
Warrants		2	—	11	2	-	-	-
Zero Div Pf		86¼	—	88¼	83¾	-	-	-
St Andrew	N	305	—	343	290	3.2	314.8	3.1

LEISURE & HOTELS - Cont.

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

PROPERTY - Cont.

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

LIFE ASSURANCE

MEDIA

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

RETAILERS, FOOD

TELECOMMUNICATIONS

TEXTILES & APPAREL

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

MERCHANT BANKS

PRINTING, PAPER & PACKAGING

RETAILERS, GENERAL

OIL EXPLORATION & PRODUCTION

LEISURE & HOTELS

PROPERTY

TOBACCO

TRANSPORT

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		2285⅞	—	£30	£13½	1,932	2.5	21.7
Barlow	2	542½	—	£5½	£3½	985.8	0.8	-
Gold Flds Prop R		118xd	—	128	75	12.1	7.8	ϕ
NK Props		85	—	85	85	3.82	12.5	-
SASOL	♥	528	-7	582	280	3,882	2.6	-
SA Brews		£15⅝	+¼	£15⅝	£10	4,332	1.8	25.4
Tiger Oats	†	686	—	838	538	1,031	2.3	14.5
Tongaat-Hulett	h	675	—	*695	356¼	616.2	1.9	18.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior *charges at par value, convertibles converted and warrants exercised if* dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • *Highs and lows marked thus have been adjusted to allow for rights issues for cash*
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- ∯ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. *g Assumed dividend yield after rights issue.* h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. *t Indicated dividend* yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. *v Not subject to ACT.* z Dividend yield includes a special payment. F Yield based on prospectus or other official estimates for 1994-95. *G Assumed yield after pending scrip and/or rights issue.* H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1994. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1993-94. N Figures based on IIMR "Headline Earnings". P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1225 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code **FT2585.** Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

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FINANCIAL TIMES
Weekend November 5/November 6 1994

Fall in US jobless adds to fears of rate increase

By Nancy Dunne in Washington and Philip Gawith in London

The US unemployment rate dropped to 5.8 per cent in October, a four-year low, raising expectations in financial markets that the US Federal Reserve will push up short-term interest rates later this month.

Although the monthly increase in jobs was below market expectations, indications of mounting wage pressures prompted a sell-off in US bonds. Yesterday evening the 30-year benchmark bond had fallen by half a point, to yield 8.15 per cent, its highest level since August 1991.

The dollar was steady, with traders wary of selling after Federal Reserve intervention to support the currency earlier in the week. It closed in London at DM1.5235, from DM1.5146, and at Y97.8 from Y97.605.

The debate over interest rates appears no longer to be about whether the Fed will move. Currency market analysts said yesterday it was a question of when

US unemployment

Source: Datastream

rates would be raised, with most expecting an increase to be announced after the Federal Open Market Committee meeting on November 15.

The jobs report gave President Bill Clinton an opportunity to highlight the expanding economy as he campaigns ahead of mid-term elections next week. Mr Clinton claimed that more jobs have been created this year than in the previous five.

He said the improvement was due to increased productivity, and to the partnership between his administration and business to boost exports. While non-farm job growth in October, as measured by a survey of employers, was 194,000 – less than expected – factory jobs soared by 40,000.

The reasons for the continuing discontent among US voters were also reflected in the jobs report. Americans are working longer hours – the factory workweek is averaging 42.1 hours, a level not seen since the end of the second world war. About 7.6m people – 6.1 per cent of the labour force – are working more than one job. However, average hourly earnings soared 0.7 per cent to $11.24 an hour, twice the increase generally expected.

Ms Katharine Abraham, commissioner of the bureau of labour statistics, said the growth in manufacturing jobs reflected "moderation in job declines" in defence-related industries.

The rising yen, Page 7; Currencies, Page 11; US stocks, Page 21; Markets, Weekend II; See Lex

Russia's deputy PM resigns over reform of economy

By John Lloyd in Moscow

Mr Alexander Shokhin, deputy prime minister of Russia and the senior reformer in the cabinet, tendered his resignation last night, saying that economic reform would not succeed under the current government.

The resignation comes as international financial agencies are considering plans to stabilise the rouble with the aid of foreign loans. One anxious official said last night: "There seems to be a constitutional crisis going on."

The immediate cause of Mr Shokhin's decision to step down was the nomination yesterday by president Boris Yeltsin of Mr Vladimir Panskov to the post of finance minister. The appointment of the former deputy head of the president's budget department appeared to reflect a continuing struggle between Mr Yeltsin and prime minister Victor Chernomyrdin.

Mr Shokhin said that Mr Chernomyrdin had told him that he knew nothing of Mr Panskov and had never met him. According to sources close to the government, Mr Chernomyrdin had been consulted about Mr Panskov and at first opposed him.

The appointment of Mr Panskov is part of the fall-out within the government after the collapse of the rouble on October 11, when the currency lost almost a quarter of its value against the US dollar.

The acting finance minister and central bank governor resigned under pressure from Mr Yeltsin, whose advisers have continued to blame Mr Chernomyrdin's government for the instability.

A clearly bitter Mr Shokhin complained: "The economy has become a hostage to politics." At stake, he said, was a budget that aims to bring inflation down to 1 per cent a month by the end of next year – it rose to 15 per cent in October. The International Monetary Fund has indicated that it might support the budget with aid of about $14bn next year.

Mr Panskov, 50, was a career official in the Soviet finance ministry, rising to become a deputy finance minister, and has a reputation as a competent professional but not as a reformer.

His entry into his new department yesterday was an ambiguous one. Mr Chernomyrdin introduced him to his deputy ministers and senior colleagues with the words: "I tell the new minister that a large amount of work has been done on the budget. We will not swerve from the course we have chosen."

Mr Shokhin replied, according to one participant in the meeting, that "there is a lot to be done". According to another observer of his first meeting with his senior colleagues, Mr Panskov also said: "Now, let's get a real budget."

THE LEX COLUMN

Inflation aggravation

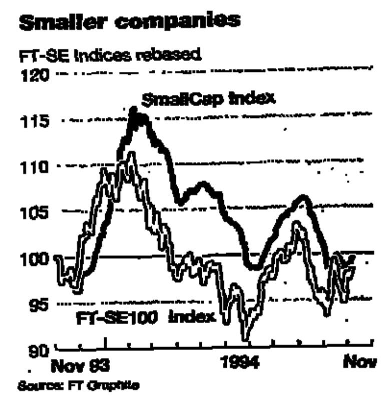
Yesterday's US jobs data will keep the pressure on the Federal Reserve to raise interest rates. True, October's rise in non-farm employment was lower than expected. But hourly earnings increased sharply and there was a jump in the length of the working week. The message is that strong economic growth is finally showing up in wage inflation. Currency and bond markets will be sorely disappointed if the Fed does not take action to counter inflation at its meeting on November 15. A half-point rise is already widely discounted; only a full point will convince the markets that the Fed is in control.

This week's intervention in currency markets by the US authorities has bought a breathing space for the dollar. Traders were caught with short dollar positions and scrambled to cover themselves. But sentiment could easily be knocked again. One trigger would be a particularly strong performance by the Republicans in Tuesday's mid-term elections: the party has campaigned on a tax-cutting agenda and markets will worry if budgetary discussions look like becoming even more deadlocked than usual. Another trigger would be lack of enthusiasm in next week's $29bn refunding exercise by the Treasury.

Meanwhile, European bond markets are finally showing signs of thinking for themselves. Since mid-September most have outperformed Treasuries, with gilts doing especially well. Yesterday was another good day for European bonds. A complete decoupling from the US – with European bonds rising while Treasuries collapsed – is unlikely. But further outperformance would be justified.

FT-SE Index: 3097.6 (-6.8)

Smaller companies



Source: FT Graphite

Forte

The fund-raising for Forte's acquisition of Meridien hotels has been well-handled. The hotel group's share price has remained strong while the new equity was raised at only a small discount. Forte had been at pains to point out that it could cover the costs with extra borrowing and played down the idea of a rights issue which would have depressed the price. Yet some form of equity issue always seemed the most likely route. Forte's gearing is already set to rise to over 60 per cent at the year-end due to a change in the balance sheet treatment of sale and leaseback arrangements in line with new accounting conventions.

Although this is mostly a matter of presentation, raising new equity does give Forte more flexibility. In particular, it will not be under any time pressure over the sale of its stakes in Alpha Airports and Gardner Merchant. If it had been seen as a forced seller, it would have been unlikely to get the best prices.

The fact that Forte has opted for a fairly modest placing rather than a full rights issue may reflect its reluctance to issue shares, or merely to do so at a big discount. Theoretically, the bulk of the new shares were placed on behalf of Meridien's vendors; so institutional investors' pre-emption rules, which limit placings for cash to 7.5 per cent of capital in any three-year period, did not apply. As a result, the shares could be placed with old and new investors at a 4 per cent discount rather than offered to existing shareholders for considerably less. This significant difference rests on an illogical distinction in the pre-emption rules and it is high time they were changed.

Smaller companies

Smaller companies underperformed large capitalisation stocks sharply in the third quarter: while the FT-SE 100 index delivered total returns of 1.6 per cent, the FT-SE SmallCap yielded a 2 per cent negative return. This comes after a long period of outperformance and looks odd given the robust outlook for smaller companies' earnings.

Part of the reason for the decline is the market's general listlessness, which has resulted in the limited trading volume being concentrated in large, liquid stocks. Another explanation is that small companies are strongly weighted towards general manufacturing, a sector which has fallen out of favour. Either way, the fall in share prices has served to accentuate small companies' relative attractions at this point in the economic cycle. Profits are set to grow more rapidly than at big companies during 1994 and 1995, yet valuations have become less demanding: the traditional premium over the market as a whole has shrunk.

Of course, the outlook for small companies depends critically on prospects for equities as a whole. For those who are sanguine about the general outlook, now is a good moment to seek bargains. The limited marketability of these companies' shares will deter the faint-hearted. But buying amid a general rally in the market at a later date is likely to prove difficult: lack of liquidity would then act as a catalyst to further outperformance.

Japanese banking

Yesterday's call from Japan's banks for a further dose of deregulation does not indicate mass conversion to free-market economics. But it does say a fair amount about the tight conditions in which the banks find themselves. Ironically, one of the problems is the liberalisation last month of deposit rates. Banks are now free to compete for deposits, with the result that funding costs are set to increase sharply. On top of this comes the effect of rising interest rates: traditionally, Japanese banks find they have to raise savings rates faster than they are able to put up lending rates. Moreover, with most corporations still busy paying off debt, banks have little hope of expanding their loan books.

The banks' reaction has been to urge the ministry of finance to enact 80 separate deregulatory measures. Some, such as the extension of the maximum period for certificates of deposit, are designed to give them greater freedom in how they raise funds. Others would allow them to move into higher margin businesses such as selling insurance and investment trusts.

The cautious ministry may well be tempted to respond to the banks' pleas with half-measures. But half-measures could merely store up trouble, as the ministry's deregulation of deposits shows. Some group or other will feel disadvantaged and press for more liberalisation to compensate. Whether it likes it or not, the ministry may eventually find itself driven to accept full-blooded deregulation.

Serbs call up forces

Continued from Page 1

raised the possibility that the UN might order air strikes if the Serbs reacted to their latest military reverses by bombing civilian targets. Bihac is one of six enclaves under UN protection.

Officials from the US, Russia, the UK, France and Germany – the five nations which make up the "contact group" on Bosnia – are due to meet in Zagreb this weekend. Although the five nations have differed in their comments on the latest fighting, the fact that the meeting is taking place was seen as a signal of continued determination to work together on a settlement.

PO levy cut

Continued from Page 1

privatisation debacle, mounted a strong defence of Mr John Major's continued command of the government.

He said that the Queen's Speech on November 16, which sets out the government's legislative programme for the coming session, would be a "relevant, radical, forward-looking speech by a government that is in charge".

However, the dispute appeared to have widened the gulf between Mr Major and the party's vituperative right wing.

Private buyers shun UK new car market

By Kevin Done, Motor Industry Correspondent

UK new car registrations fell last month by 3 per cent year-on-year as the market weakened under pressure from declining sales to private buyers.

Registrations in October slipped to 122,526 from 126,305 in the same month a year ago, according to figures released by the Society of Motor Manufacturers and Traders.

The rate of growth in UK new car sales has fallen sharply since the summer. In the first half of this year, registrations rose 14 per cent, but from July to October sales have risen only 2.2 per cent year-on-year.

The decline in new car sales in October is the second monthly year-on-year fall this year and follows a drop of 2.5 per cent in July, the smallest sales month. In the first 10 months, new car sales have risen 8.5 per cent to 1,710,842.

In contrast to weakening demand in the new car market, registrations of new commercial vehicles rose 15.1 per cent in October and have risen 15.4 per cent in the first 10 months, reflecting stronger business confidence.

The main factor behind the decline in new car sales in October was the 11.5 per cent drop in sales to private buyers. "This is a worrying trend," said Mr Ernie Thompson, SMMT chief executive.

Mr Neil Marshall, director of public policy at the Retail Motor Industry Federation, said sales to private buyers had fallen significantly for four months.

"There is a growing nervousness in the marketplace over the potential impact of the forthcoming Budget, and consumer confidence is already fragile following recent talk over interest rate rises," he said.

The share of new car sales to private buyers in the UK has declined to 50.1 per cent in the first 10 months from 53.2 per cent a year ago. The share fell as low as 46.3 per cent in October.

Until now, the new car market has been sustained by rising demand from the large fleet and small business sectors. The rate of growth slowed in those segments too in October, however, with an increase year-on-year of 5.7 per cent.

Imported cars are gaining a higher share of the market this year and accounted for 57.4 per cent of UK new car sales in the first 10 months compared with 55.6 per cent a year ago.

UK new car registrations, Page 4
Rover spends more on parts, Page 4

Bock promises to concentrate on Lonrho

Continued from Page 1

whether to redevelop the group's headquarters, in the City of London's Cheapside.

Lonrho's share price rose 12p yesterday to close at 144.5p.

Mr Bock said he was relieved that the battle with Mr Rowland was at an end: "It will take some time to really relax and move forward without the burden of having someone on my back." He was not afraid of reprisals from Mr Rowland, the dominant force in the company for 33 years: "He may try to hurt me with words, but I can cope with that."

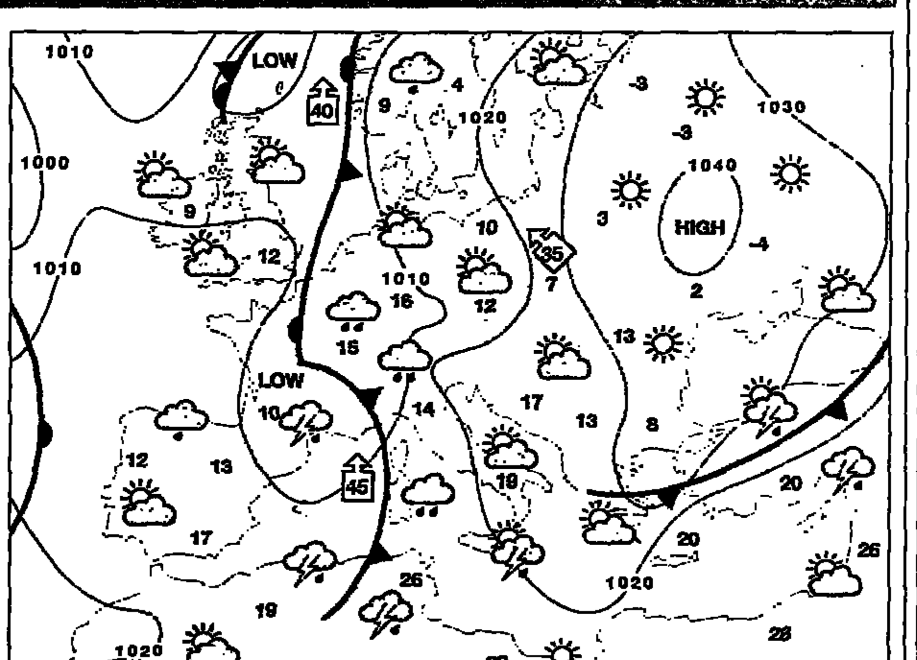
FT WEATHER GUIDE

Europe today

A weakening depression north of Scotland will slowly move east. Its associated front will stall from the west of Scandinavia across the North Sea and France and into the Mediterranean. As a result, northern Scotland, western Scandinavia, the eastern UK, the western Benelux and parts of France will be overcast with rain. Showers, some accompanied by thunder, will occur in southern France and the western Mediterranean. Other parts of the UK and France will have sunny spells. Most of Spain will have cloud interspersed with sun. Significant precipitation is expected in north-west Italy and the western Alps. Some cloud will also affect the southern and western Balkans but it will be sunny towards the north-east,. The rest of Europe will have sunny spells.

Five-day forecast

Showers, some with thunder, will remain over the Alps and Italy. This area of rain will slowly move south-east and will affect the south-west Balkans later next week. Western Spain will also have rainy periods. A high pressure area over Iceland will develop and bring more settled conditions to Scandinavia. North-west Europe will remain unsettled.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

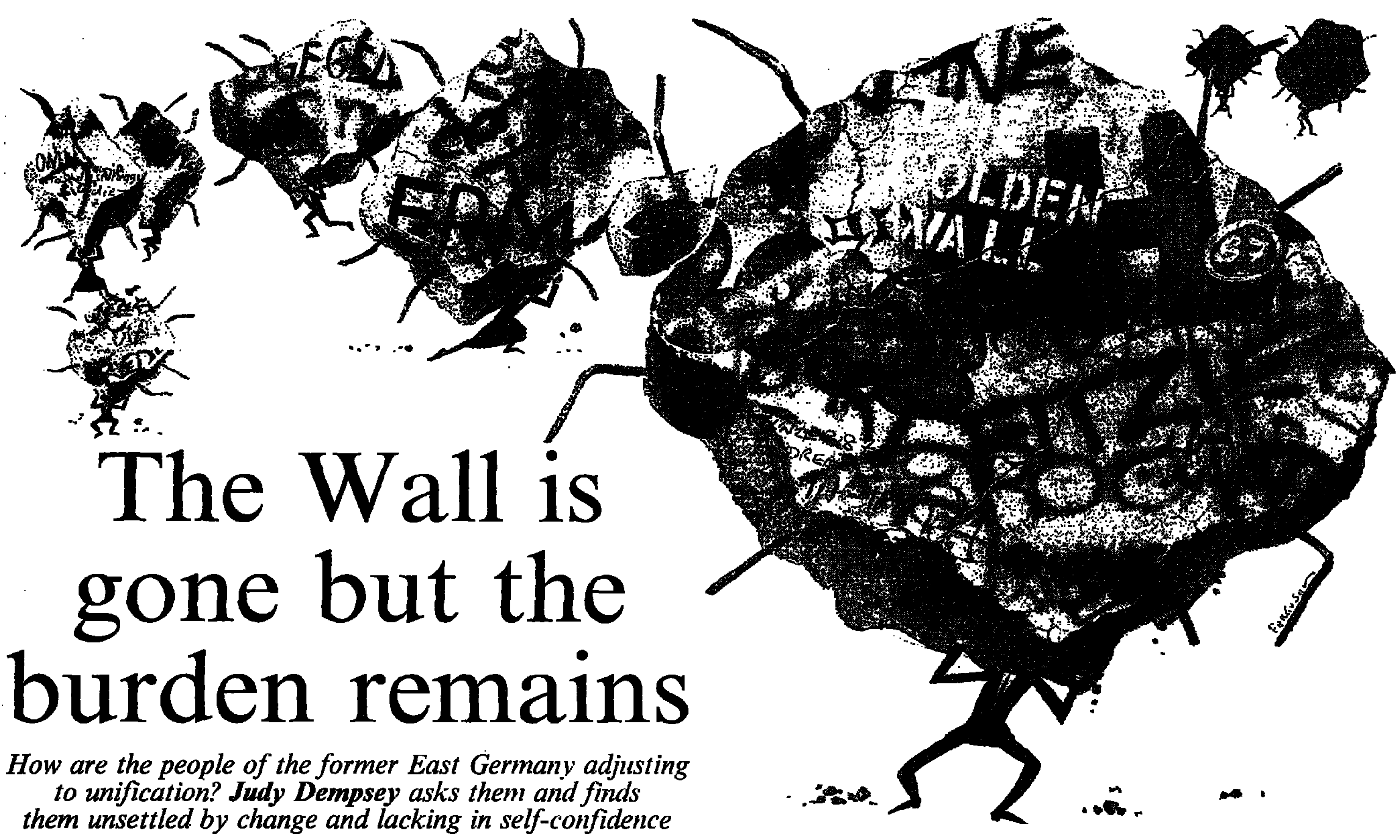
TODAY'S TEMPERATURES

		Maximum Celsius						
			Beijing	fair	18	Caracas	fair	30
			Belfast	drzzl	9	Cardiff	fair	11
Abu Dhabi	sun	34	Belgrade	sun	13	Casablanca	shower	20
Accra	fair	30	Berlin	fair	14	Chicago	rain	18
Algiers	rain	20	Bermuda	rain	25	Cologne	fair	17
Amsterdam	cloudy	14	Bogota	fair	29	Dakar	fair	32
Athens	fair	18	Bombay	fair	33	Dallas	fair	18
Atlanta	fair	21	Brussels	shower	16	Delhi	sun	29
B. Aires	shower	25	Budapest	sun	12	Dubai	sun	34
B.ham	fair	10	C.hagen	fair	10	Dublin	fair	10
Bangkok	fair	34	Cairo	cloudy	26	Dubrovnik	fair	20
Barcelona	fair	18	Cape Town	sun	20	Edinburgh	cloudy	10

Faro	sun	19	Madrid	cloudy	10	Rangoon	fair	33
Frankfurt	fair	15	Majorca	fair	18	Reykjavik	fair	2
Geneva	thund	12	Malta	shower	23	Rio	fair	24
Gibraltar	sun	19	Manchester	fair	11	Rome	thund	21
Glasgow	drzzl	11	Manila	cloudy	31	S. Frsco	rain	18
Hamburg	fair	13	Melbourne	shower	17	Seoul	fair	18
Helsinki	fair	4	Mexico City	fair	23	Singapore	rain	31
Hong Kong	fair	28	Miami	sun	28	Stockholm	fair	7
Honolulu	fair	29	Milan	thund	12	Strasbourg	fair	14
Istanbul	fair	14	Montreal	sun	10	Sydney	fair	22
Jakarta	shower	31	Moscow	fair	-4	Tangier	shower	20
Jersey	fair	13	Munich	sun	15	Tel Aviv	shower	25
Karachi	sun	35	Nairobi	thund	28	Tokyo	shower	18
Kuwait	sun	32	Naples	shower	21	Toronto	shower	10
L. Angeles	fair	20	Nassau	fair	29	Vancouver	shower	9
Las Palmas	fair	24	New York	rain	21	Venice	rain	15
Lima	fair	22	Nice	thund	16	Vienna	cloudy	12
Lisbon	sun	16	Nicosia	sun	23	Warsaw	sun	9
London	fair	11	Oslo	rain	5	Washington	fair	23
Lux.bourg	fair	15	Paris	rain	14	Wellington	cloudy	16
Lyon	shower	14	Perth	fair	29	Winnipeg	fair	2
Madeira	fair	23	Prague	fair	12	Zurich	shower	12

Weekend FT

SECTION II Weekend November 5/November 6 1994



The Wall is gone but the burden remains

*How are the people of the former East Germany adjusting to unification? **Judy Dempsey** asks them and finds them unsettled by change and lacking in self-confidence*

It was the longing for the tide.

"I wanted to see the ebb and the flow," said Hannelore Böhm. "We could never see it at the Ostsee (Baltic Sea) in east Germany. It has no tide."

Böhm was born in 1929 in Görlitz, a beautiful nineteenth century town tucked deep in the south-eastern corner of Germany. Unscathed by bombing during the second world war, Görlitz had been divided between East Germany and Poland after 1945. Territory east of the river Neisse had been ceded to Warsaw. "This part of the country never had access to West German television during the DDR days. We could never travel to the west. We could never see the tide," said Böhm.

The chance to travel came soon after the Berlin Wall fell on November 9 1989.

"It was May 1990. We went to visit a cousin in Ravensburg. We were very excited. But then he told us that the time spent under the DDR were 40 wasted years for which we had nothing to show. The arrogance, the ignorance was awful."

Under the Communists, Böhm also never had the chance to study medicine, a profession practised by her father and grandfather. "After the war, I applied for a university place. But it was forbidden. I was from a bourgeois family. They said it was now the chance of the workers. What could I do? I started a family. It was only in the late 1950s that my brother was allowed to study medicine. I later trained as a teacher. Until 1989 I was deputy head of the school here in Görlitz. I never joined the Communist party."

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"With hindsight, I realised how much we lived in a cosy world."

Jens Reich, professor of molecular biology at the Max Delbrück Centre for Molecular Medicine in Buch, east Berlin, was sitting in his office. From his window, a spectacular array of red and rust autumnal leaves was falling.

Reich, a long serving member of the East German opposition, had been one of the founding members of Neues Forum, the independent civil movement set up in east Berlin during September 1989, the month thousands of East Germans were trying to escape to the west via the West German embassy in Hungary. Earlier this year, he ran for federal president. He is now waiting to to be reconfirmed as professor.

"Before unification, I was stressed at work. But everything was clear. The politics was clear. The resistance of the people was defined. We knew where we stood with the economy. Everybody knew what to do. You did not have to worry about your future. We lived on a modest level. But we were living like children. Now now we are adults".

Are the east Germans finding it difficult to cope with adulthood which has been so quickly thrust upon them?

"I can't explain it very well. But adulthood means taking responsibility which means mastering the strength to make decisions. A lot of people lack the strength to have inner responsibility. We are now responsible for many more things, things that we had earlier only dreamed about. Then, we were like birds in a cage."

He gazed out the window. "I never want those days back again. It is sufficient for me to read my old diaries to recall the Mauerkrankheit – Wall sickness – and the melancholy we had."

What is it about unification that is so unsettling for the east Germans?

"It's partly a kind of resentment. People have lost their equilibrium. Their self-confidence. Maybe that is why many voted in the last federal election for the PDS [the successor to East Germany's former Communist party]. Deep down, it is a sort of inferiority complex. Injecting money is no substitute for overcoming the psychological problems."

What sort of psychological problems?

"Everything was got rid of so quickly. There was no transition period. The whole establishment of the society had been changed, and to a much greater degree than in West Germany after 1945."

Was it the speed with which the West German system was imposed on east Germany which has contributed to this disequilibrium?

"Here in east Germany, everything had to be refurbished in order to conform to the bureaucratic prescription of the west. I think part of this process represented the inferiority of the west Germans. The first thing they did was to implant western conditions here. You felt they were uneasy if things did not look like what they were accustomed to. The furniture. The towels. Everything western had to be transplanted on the east. It was like a Gummi tree being transplanted in a botanical garden."

Jens Reich sat very still. "It is our fault. You defend your culture or you simply imitate." He looked at his desk, packed high with papers, documents, books and forms.

What do you feel personally about unification?

"Believe me. I do not want the old system back. I am a winner. My wife is a winner. My children are winners. I feel free now. But that is not the panacea for happiness. I am free in my work. To decide the budget. How I will allocate it. To pursue particular lines of research. I have to be responsible for my life and the future."

How has this sense of responsibility changed you?

"In some ways I often deplore the loss of Knappheit [scarcity, or shortages]. I now have a lot of books. But I don't have the time to read. Ten years ago a western magazine kept us happy and busy for a whole weekend. I remember what a gift it was when someone came with a new edition of some philosopher. What a feast!" Reich added that the book would be shared with friends and would be discussed for days.

"In those days, there was a scarcity of intellectual supply. With hindsight, that is something which I now value. It made me hungry. It made me read with wide open eyes. Of course the shortages were terrible. But now I read without an appetite. My appointments diary is full. I have an impulse to throw it away and hide myself and not answer any more calls. Simply to re-establish some equilibrium. Do you know what I mean?"

He stared out of the window. "There is so much to be done besides ending this dis-unification. We must oppose the tendency towards resignation."

Is Chancellor Kohl prepared to address these issues of the dis-united Germany?

"Look at the recent election campaign. Not a word was said about the future. It was kept out of the campaign. The decisions that have to be made were quite happily forgotten. They were pushed aside. These were the first signs of a reunited Germany: not to take up the burden of responsibility; not to ask about our national interests as a united Germany and our place in the world; not to address the huge potential for instability in the east, our neighbours."

Reich looked at the time. "I have to go to another meeting," he said. He put on his dark grey woollen jacket. It seemed to add to his burden of responsibility.

□ □ □

"We had the chance to build socialism. But we gambled it away."

Egon Krenz, East Germany's last ruling Communist party leader was sitting on his terrace in Pankow, east Berlin, once home to East Germany's Communist elite. The terrace faced out on to a large, lush, green garden.

Now aged 57, Krenz had spent all his life in the Communist party. For years he had been groomed for the top party post by the late Erich Honecker. His chance came on October 18 1989, two days after 100,000 people demonstrated in Leipzig to demand reforms and a free East Germany. But the immense pressure from the East German people proved too much for Krenz and the Communists. He resigned just seven weeks later on December 3, joined by the entire politburo and central committee.

"We had a dream. To build something different from capitalism."

Do you have regrets about how you treated people?

"Look what unification has done. The settling of accounts of East Germany's past has been so total. The East German intellectuals have been totally decapitated. East Germany was a country. It was our fatherland."

Do you not have any responsibility or guilt for the way in which the Communists ran the country?

"Of course we made mistakes. But that's not the point. I believed in the idealism. Look, I am not nostalgic for the past."

Krenz took out his old identity card of the former German Democratic Republic. On one of the worn

Continued on Page XIV

CONTENTS

The Long View/**Barry Riley**

When deflation rules

Despite diving into crippling deficit only four or five years ago, Britain's corporate sector is now becoming awash with wealth. In the first six months of 1994, industrial and commercial companies were running a surplus at the rate of nearly £20bn a year. The future course of the economic cycle will now depend largely on how they decide to spend it.

According to the latest CBI quarterly survey, business optimism is now back to cyclical peaks last seen during the mid-1980s. National output has at last moved above the 1990 pre-recession high point and is climbing at nearly 4 per cent year-on-year (including a bonus from higher North Sea oil output).

The corporate sector has reaped unusually lush rewards for two main reasons: the 1992 devaluation has boosted export profitability and, in a depressed labour market, nearly all the rewards of a leap in productivity are accruing to employers. While personal incomes from employment are edging ahead at about 3 per cent a year, company trading profits are jumping by 23 per cent. That is why profits as a share of GDP rose from 12 to 14 per cent in 1993 and may top 15 per cent this year. Because spending on fixed investment and stocks has, if anything, fallen back, the result has been a rapid surge into financial surplus.

What happens now? The conventional (and official) wisdom is that the corporate sector should plough back its wealth into growth by increasing its investment spending. One of the present economic scares is that the economy will soon run into the buffers of a capacity constraint, capping growth and triggering inflation. The scale of any remaining "output gap" remains vague but – according to the Bank of England's *Inflation Report* this week – is certainly substantially smaller than a couple of years ago. Investment intentions are now positive, according to the CBI survey, but are not yet back to late 1980s' levels. Of course, there are big changes going on in the productivity of invested capital: quality is just as important as quantity.

There are other uses for corporate wealth, however. Dividends have been unexpectedly strong, rising by 7 per cent over the past 12 months and heading for perhaps 9 per cent growth next year, according to City expectations. In some cases, such as where profits are piling up in monopoly utilities and capacity expansion would be inappropriate, capital is being returned to shareholders: East Midlands Electricity is giving back £186m before Christmas. Barclays bank, running short of lending opportunities, is said to be considering something similar.

For the time being, certainly, the corporate sector surpluses are serving to reduce borrowings; companies have become debt-averse after the financial scares of the early 1990s. Now the tables are turned and these are anxious times for the banks, because companies are continuing to repay borrowings at roughly last year's £11bn annual rate.

When British company bosses have money to burn, they resort traditionally to take-over activity. At the height of the last acquisition boom, in 1989, British companies spent £27bn on acquisitions and increased their bank borrowings by £34bn to help pay for these and other excesses.

The wave of take-overs at home and abroad produced many disasters; an interesting research report from the Federal Reserve Bank of New York this week suggested that foreign companies (Britain's prominent among them) spent $316bn on US acquisitions in the past decade but are, in aggregate, running them at a loss. At home, the battle for control of VSEL suggests that the bad old habits of buying second-hand capacity rather than building new factories are still evident. But spending on acquisitions was only £7bn last year and has not accelerated greatly in 1994.

There is one other way in which companies could spend their new-found riches. They could *cut* prices – some call it an investment in market share. True, it is not a *British* attitude; but when Rupert Murdoch found that his television businesses had turned round into surplus last year, his response was to recycle the money into newspaper price reductions.

The British approach, judging by the ambitions of those replying to the CBI survey, is to exploit an unnecessary shortage of supply by being slow to increase capacity and then raising prices (as a balance of 20 per cent are hoping to do in the next four months). This is the attitude that led to such a rise in import penetration in the past. It became ingrained when British companies regularly faced spiralling labour costs and an over-valued currency.

Surely, though, companies should be more aggressive when labour costs are quiescent and profitability is high. The outcome might vary from sector to sector and plainly will be different in retailing or food manufacturing, where capacity will remain excessive, than in capital goods, where it might soon become short.

Meanwhile, of course, a revenue-hungry chancellor could have his own designs on the corporate sector's riches. The Treasury has changed the details of dividend taxes already: it did that 18 months ago, and the full impact is now coming through. It would be surprising if companies escaped unscathed in this month's Budget.

From the investor's point of view, the challenge is to judge the durability of the profits boom. Has there been a permanent structural shift towards capital? Or will a cyclical rise in costs push the profit share back down towards its historical norm? Relative strength in sterling, certainly against the dollar, might prove to be an important factor here.

The unusual feature of the 1990s is that it could be the deflationary forces acting on prices that take the icing off the cake, rather than the more familiar upwards pressure on costs.

London

Roll over Tiny, sell-offs and superstores

Andrew Bolger

Suddenly, things change. Several eras that had helped define British business life over many years came to an end this week: government enthusiasm for privatisation, the growth of out-of-town supermarkets and Tiny Rowland's reign at Lonrho.

Selling off the Post Office always threatened to be a privatisation too far for the Conservatives. So it proved for a handful of their backbench MPs, who forced the government to abandon what would have been the centrepiece of its forthcoming legislative programme.

One reason for the recent backlash against privatisation has been the behaviour of the water companies since they were sold off. The government was anxious to ensure that the industry would have funds to make long overdue investment in infrastructure, so the companies were offered a generous regulatory regime.

The water companies have responded by pushing up charges and raising – at an even faster rate – the level of boardroom remuneration. Thames Water kicked off the sector's interim reporting season with an 11 per cent dividend increase – above market expectations. This boosted the share prices of most of the water companies, but the National Consumer Council said the dividend increase just confirmed its view that the original price controls had allowed companies and shareholders to benefit more than consumers.

Sir Robert Clarke, chairman of Thames, warned investors not to expect such a generous dividend under the new pricing regime, which starts in April.

MPs were also to the fore in warning that further construction of out-of-town shopping centres and superstores should be restricted.

Next day J Sainsbury, the UK's largest grocery retailer, confirmed that tougher government planning restrictions were starting to bite, and said it expected to open only 12 new supermarkets next year compared with plans for 20. The group won only one out of nine planning appeals this year, and did not foresee a reversal of this in the near future.

Sainsbury increased its interim pre-tax profits by 6.5 per cent. However, it said like-for-like sales, excluding new space, increased only 1 per cent, with price deflation of 0.6 per cent. The fall in prices was partly a result of Sainsbury's "Essentials" price-cutting campaign, which started a year ago. David Sainsbury, chairman, said he believed the campaign had neutralised the threat from low-priced discount competitors, and profit margins could now be held.

The big retailers have certainly fought back hard against their discount rivals. Kwik Save consolidated its position as Britain's leading discount grocer through buying 117 Shoprite stores in Scotland and northern England for £45m. Shoprite is the first failure among the discount chains that expanded rapidly in the UK during in the 1990s. Shoprite's shares were best performers in the food retailing sector last year, but plunged after the group expanded too quickly, paying too much for sometimes substandard sites.

The departure of Rowland after 33 years at the head of the international trading conglomerate Lonrho had been often predicted. So often, in fact, that the initial reaction in the City was to doubt whether the German pretender Dieter Bock really had ousted his fellow joint executive. It does appear that the 76-year-old swashbuckler is on the way out, but no-one who has followed his extraordinary career would assume we have have heard the last from Tiny.

Such *fin de siècle* musings proved diverting in an equity market which continues to suffer low turnover, high volatility and sporadic alarms from the currency and bond markets.

The week's main event was the Bank of England's quarterly inflation report which said the UK's inflation outlook had improved. Its forecast of underlying inflation (which excludes mortgage interest payments) in mid-1996 has been reduced to 2.5 per cent, from around 3 per cent in its last forecast. However, the bank also implied that interest rates would probably need to rise over the coming months to keep inflation on target.

Relief on Tuesday that an immediate interest rate rise did not appear to be on the cards helped turn around an early 20-point fall in the FT-SE 100, which had been provoked by the adverse reaction of the dollar and global bond markets to figures showing the highest level of US business activity for seven years.

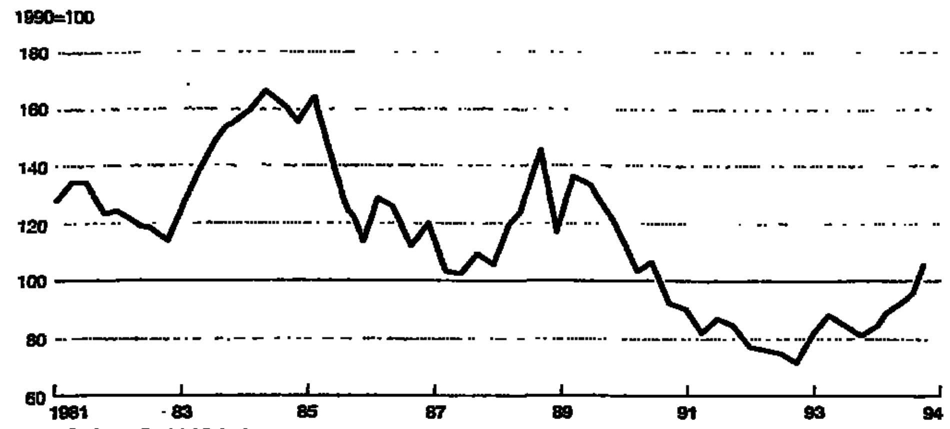
The fall of the dollar to a postwar low against the yen on Wednesday provoked strong intervention by the US Federal Reserve. British bonds responded favourably to the better performance by US bonds and the dollar, and this bolstered London equities.

Traders finished the week in uncertain mood. There is some concern that the next rise in interest rates will be dictated not by domestic inflation concerns, but in response to an increase in US rates to support the dollar. That will not happen before Tuesday's US mid-term elections, but the City spots a window of opportunity for the chancellor to push up rates between then and his November 29 Budget.

The Treasury's six-man panel of independent economic forecasters advised the chancellor against an immediate rise in interest rates. Professor Patrick Minford of Liverpool University said no one should be misled by the large rises in commodity prices over the past year. He said most of the increase was a necessary correction to their huge past relative price declines.

A milestone week ended with news that two investment banks are planning on moving staff into Canary Wharf, which would reduce the £1.5bn Dockland complex's unoccupied space to less than 1m sq ft out of a total of 4.5m sq ft. Canary Wharf no longer a white elephant? Can one rely on nothing these days?

Real commodity prices



Source: Professor Patrick Minford

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	3097.6	+13.8	3520.3	2876.6	Dollar intervention
FT-SE Mid 250 Index	3534.6	+33.0	4152.8	3363.4	Utilities firmer
Bellway	208	+16	304	179	Profits up 67%
Boots	513	-16	601	497	Disappointment over figures
Burmah Castrol	870	+26	919	811	Analysts to far east operations
Cater Allen	512	+43	630¼	449	Figures expected shortly
Cowie Group	239	+25	348	201	Bid rumours
East Midlands Elec	704	+37	787	537	National Grid special div expected
Laird Group	370	+26	444	340	Improving orders
Lex Service	361	+28	573	332	Takeover speculation
Marley	142	+13	213½	129	UBS "buy" recommendation
Royal Insurance	308	+19	350	232½	BZW "buy" recommendation/figs Thurs
Sage Group	678	+73	678	507	Bumper sales, profits & dividends
Severn Trent	579	+20	645	457	Broker "buy" notes
Vickers	180	+13	204	163	Foreign partner talks

Serious Money

A strange birth and an awkward death

Gillian O'Connor, personal finance editor

A bit of commonsense seems to be coming back to the main new issues market. Promising issues such as Thorn are resoundingly over-subscribed; chancier ones such as New Look are aborted. This is how the issues market is meant to work – saying "yes" to the sheep, "no" to the goats.

Vetting them is a suitable job for the pros – sponsors and the investing institutions. And once a company has been accepted on to the market, private investors can have some confidence that it will not fall to pieces quite as quickly as some of this summer's debutantes – Aerostructures Hamble, for example.

So all is for the best in the best of all possible worlds – at least for the next week or so. But one corner of the issues market is still lagging behind this brave new world: investment trusts.

Consider Abtrust Latin American Investment Trust, which has just raised £20m through a placing with institutional investors. Abtrust was delighted with the response. Which seems fair enough – until you check out the names of some of the key shareholders. Top of the list is Abtrust itself. Then come Murray Johnstone, Jupiter Tyndall, Fleming. Those four account for nearly half the shares placed. And curiously enough the other three all run several overseas trusts themselves.

Nice to know that competition is so civilised in the fund management industry. But does not such enthusiasm for taking in each other's washing look just a teeny weeny bit like backscratching?

□ □ □

A decent ending to a company's stockmarket life is as important as a decent birth. When the Stock Exchange said recently that it was getting more trigger happy in suspending company shares, it upset some personal investors. For suspensions tend to penalise the innocent bystander.

The classic case revolved around Jim Raper at St Piran. The stock exchange kept shares in all Raper's companies suspended for over two years in a vain attempt to force Raper to play by the rules.

Such efforts to protect the public interest all too often end up by penalising those members of the public actually involved in the test case.

But how much better is it if the exchange turns a blind eye to irregularities and attempts to persuade a company to mend its ways? A rather sad little bulletin this week announced the impending retirement of one of the exchange's oldest quoted companies, Van Diemen's Land. First granted its Royal charter in 1825, the company, which owns a large chunk of Tasmania, has applied to have its London Stock Exchange listing cancelled with effect from November 14.

The background to this statement is an ongoing tussle between the company and the stock exchange over the fact that only 12¼ per cent of the shares are in public hands – half the proportion stipulated in the rulebook.

So far, so dry. The background to the background is a touch more colourful. During the past six years a controlling shareholding in Van Diemen's has been handed round a chain of ageing whizz-kids: David and Richard Thompson (Hillsdown), David Kirch (property), Graham Ferguson Lacey (ubiquitous entrepreneur and evangelist). A year ago the stake ended up with a New Zealand company called Tasman Agriculture, a company in which Sir Ron Brierley's Brierley Investments is believed to have a large interest.

Tasman has already spent a lot of money turning part of Van Diemen's territory into a Brobdingnagian dairy farm. Later this year it will propose both a rights issue and a cash offer to minority shareholders. But the listing will have gone before details of either offer are known.

This is not how minority shareholders in a company with a London Stock Exchange listing expect to be treated. Van Diemen's shares, which touched 600p in the mid-1970s were quoted at around 85p-95p yesterday, but have been rising sharply since early 1993 – presumably in the hope that Tasman will think it worth paying over the odds to mop up the minority.

Van Diemen's is a rather grubby little tale with an obscure ending. Once again the Stock Exchange has proved incapable of providing any positive help to small shareholders. But at least they have always had the chance to cut and run.

□ □ □

The Personal Investment Authority this week suspended a financial adviser for the first time. What happens to the firm's existing clients? The PIA is unlikely to have taken such a step frivolously. So they may be cooling their heels for quite some time. In the interim period, the adviser is not allowed to give them any fresh advice, but he can legitimately report on the progress of their existing investments.

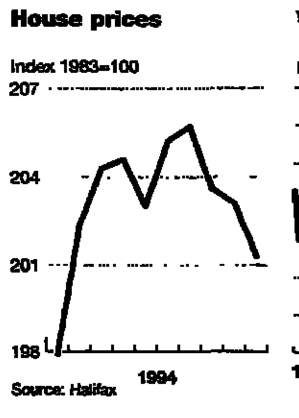
The real question for clients is whether to wait around to find out the end of the story. There are three possible outcomes to a suspension. If the adviser appeals, the case is heard either by the chief executive as a matter of urgency or by the disciplinary committee in due course. The bureaucrats can apply to have the adviser's membership terminated. Or they can ask the firm to remedy specific defects and then lift the suspension.

Not much fun for the clients. But at least the door is always open.

AT A GLANCE

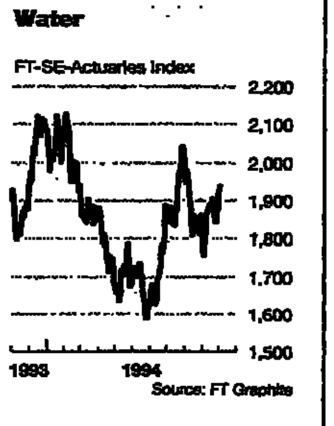
Finance and the Family Index

House prices



Source: Halifax

Water



Source: FT Graphite

Houses prices flat

House prices were unchanged in October, the Halifax Building Society price index shows. After a rise of just 0.1 per cent in September, the figures confirm that the underlying trend in prices remains broadly flat.

Halifax said that it expected this trend to continue until consumer confidence improved. Prices paid by first time buyers fell by 0.8 per cent in October, and are now 1.2 per cent lower than October last year. The price of new houses rose by 1.2 per cent last month after a fall of 4.6 per cent in September.

Conversely, the Nationwide building society's index rose of 0.7 per cent in October, after a fall of 3 per cent in September.

Increased dividend flow

Water company shares were marked up this week after Thames Water announced a higher than expected interim dividend, up 11 per cent to 8.2p. The market had expected an 8 per cent increase.

Thames was the first of the privatised water companies to bring out interim results, and its increased payout made analysts optimistic about the prospects for the rest of the sector.

However, Thames chairman Sir Robert Clarke, warned investors not to expect such a generous dividend under the new pricing regime. "Life is going to be tougher," he said.

PIA suspends member

The Personal Investment Authority, the new regulator for the financial services industry, has suspended its first member firm. Bayliss & Co, of Bayliss Orchard, near Banbury, Oxfordshire, has been ordered to cease conducting investment business after inaccuracies were found in its application to join the PIA.

Meanwhile, the Investor's Compensation Scheme has stepped in to help the clients of two financial advisers and a stockbroking firm. Former customers of Northam Binge & Partners, of Bristol, Kedleston Stockbrokers, of Derby, and Pall Mall Asset Management, of London, are invited to contact the Investors Compensation Scheme if they think they have suffered a loss as a result of dealings with the firms. ICS: 071-628 8820.

Tiny Rowland to retire

Tiny Rowland is to retire from the board of Lonrho after 33 years at its helm. His departure follows a bitter struggle with his fellow joint chief executive, Dieter Bock. Rowland, whose activities at Lonrho spawned the epithet "the unacceptable face of capitalism", created an international trading empire virtually from scratch.

Small companies bounce back

Smaller company shares bounced back very slightly this week. The Hoare Govett Smaller Companies Index (capital gains version) climbed 0.2 per cent to 1598.30 over the week to November 3.

Wall Street

All work and no plays for the brokers

The Americans are working more than has been the case for years – and they are working much harder. But they are not getting paid a lot more, and they certainly seem nervous about spending what extra they have. With interest rates likely to be cranked up again later in November, is this any background against which to buy shares?

More jobs should be good for business. They put money into consumers' pockets. According to the latest monthly employment figures released yesterday, the rate of unemployment in the US slipped to 5.8 per cent in October, from 5.9 per cent the month before and 7.7 per cent in mid-1992.

Manufacturing has led the way. Who would have thought just two years ago that Michigan – home of the US car industry – would see its unemployment rate tumble well below the national average, to 5.1 per cent?

At the same time, overtime hours have been rising rapidly, with the average work-week now longer than at any time since February 1987. Yet pay is not rising much: in the year to September, the total compensation package for the average worker went up only 3.2 per cent, one of the lowest increases on record. That is in part because of an overall shift in employment towards lower-paid service jobs, in part because of moderate pay agreements in the manufacturing sector.

For retailers and the companies whose products they sell, this creates an uncertain background. Christmas began officially on Tuesday as seasonal goods started to flood into shops – yet October store sales figures, released Thursday, showed a mixed picture at best, and retailers are already talking about holding down their prices to last year's levels, if not lower.

For US car makers, too – and the steel, glass and tyre companies whose products they buy – the outlook is not as rosy as it seemed only a matter of weeks ago.

General Motors' stumble during the third quarter revealed that the country's biggest manufacturing company continues to struggle, even in the best economic conditions for some time. While car sales in October were up strongly on a year before, it is noteable that Japanese car makers managed to increase their combined market share by more than one percentage point, to 13.3 per cent – even though the yen hit a new high against the dollar last week.

While shares in Ford and Chrysler remain firm, General Motors has slipped 15 per cent in the past three weeks, to just under $40 yesterday morning.

If the Federal Reserve increases interest rates at its next policy-making meeting the week after next weaker consumer demand and the higher financing costs faced by US companies could dampen things even more. That was the worry that hit share prices for most of last week. The Dow Jones Industrial Average had lost 94 points by midweek, to 3,837.13, before stabilising on Thursday and Friday.

The word from the takeover market, meanwhile, has not been encouraging for US share prices either. Throughout much of this year, frothy takeover bids (and even frothier rumours) have buoyed stock prices in a range of industries.

Two announcements last Wednesday suggest that expectations have got ahead of themselves. First came news that soft drink maker Snapple had agreed to be bought by Quaker Oats for $1.7bn. No fancy premiums here: the shares, which had traded as high as $32¼ in February, had slumped to $14¾. As if to rub it in, Quaker Oats offered even less – $14 a share.

Then there is the saga of Kemper, the financial services company that agreed to a $2.7bn bid from insurance group Conseco. In part because higher interest rates have hit the outlook for financial service companies, Conseco's bid has been looking increasingly fragile in recent weeks. Last week the company said it wanted to cut its original offer.

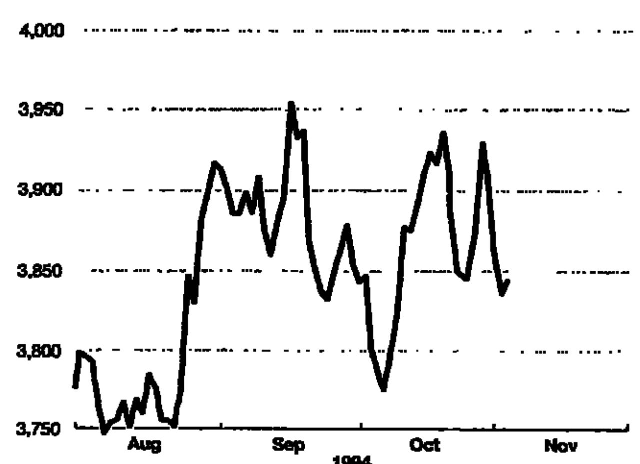
If that was not enough, there have been signs that the anti-trust authorities are taking a tougher line. Just over a week ago they announced an intention to block a takeover of American Tobacco by Britain's BAT Industries.

Then, on Thursday, the regulators hammered out a deal with drug maker Eli Lilly over its proposed $4bn acquisition of PCS, a big seller of drugs. Lilly was adamant that its compromise with the regulators did not undermine the logic of its bid – but it may be no coincidence that on the same day, Value Health, another healthcare group, said it had abandoned plans to auction its own drugs sales company. Its shares fell 5 per cent on the news, to $37⅝.

If the takeover market slows, those companies with big acquisition premiums built into their share prices could come down with a bump.

Richard Waters

Dow Jones Industrial Average



Source: FT Graphite

Monday	3908.12	– 23.54
Tuesday	3863.37	– 44.75
Wednesday	3837.13	– 26.24
Thursday	3845.88	+ 08.75
Friday		

The Bottom Line

BAT awaits their judgment

A ruthless octogenarian, Judge Milton Pollack, stands between BAT Industries and a higher rating of its shares. On December 5 in New York City he will open the trial sought by the US Federal Trade Commission to block BAT's $1bn purchase of American Tobacco.

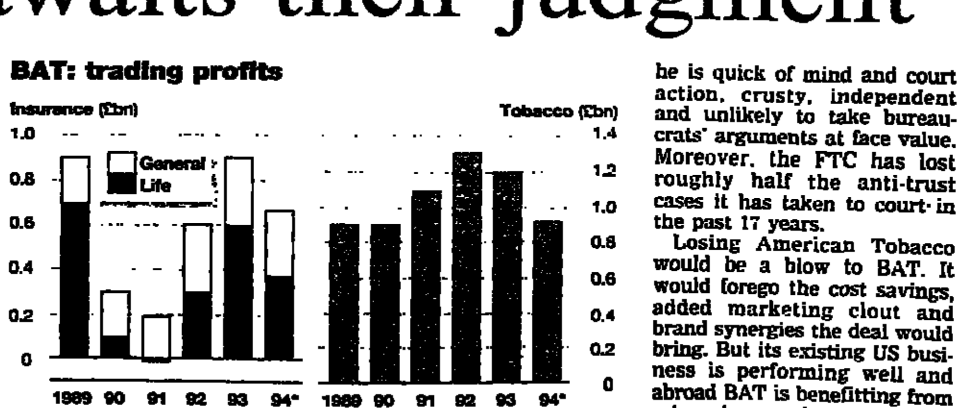
After a near-trebling of BAT's third quarter US tobacco profits, reported this week, investors are in no doubt about the importance of cigarettes to BAT. The story was repeated around the world with a strong resurgence in Brazil and booming UK exports, particularly to eastern Europe, the former Soviet Union and the far east. Tobacco trading profits were up 13 per cent to £920m in the nine months ended September.

In contrast, financial services contributed £674m, up 3 per cent, to group trading profits. This division has its own problems ranging from investigations by UK regulators of the personal pension industry, rising claims from last year's San Francisco earthquake and falling investment income at Eagle Star in the UK.

"We've scored a unique regulatory double," Martin Broughton, group chief executive, said unveiling the results. Any expense from compensating individuals poorly advised to buy a pension from BAT's Allied Dunbar or Eagle Star subsidiaries is likely to be minor, analysts estimate. Greater investor concern is focused on Allied Dunbar's style. Although well run and growing its profits, it is still cold calling and paying only commissions to sales staff while many of its competitors are moving to salaried, less aggressive techniques.

The tobacco hurdle is higher. Buying American Tobacco from American Brands would push BAT's US market share from 11 per cent to 18 per cent, third behind Philip Morris with some 46 per cent and RJR Nabisco with 28 per cent.

BAT: trading profits



Source: Company *Jan-Sep

The FTC argues that American Tobacco's loss of independence would remove a price "maverick" from the market and make it easier for the remaining companies to collude on prices. BAT argues that the deal will make it a stronger number three and, anyway, the Supreme Court ruled several years ago that collusion was impossible and BAT competed keenly on price.

Judge Pollack, the bane of lawyers in the Drexel Burnham Lambert bankruptcy and other high profile cases, will decide the issue. Observers say he is quick of mind and court action, crusty, independent and unlikely to take bureaucrats' arguments at face value. Moreover, the FTC has lost roughly half the anti-trust cases it has taken to court in the past 17 years.

Losing American Tobacco would be a blow to BAT. It would forego the cost savings, added marketing clout and brand synergies the deal would bring. But its existing US business is performing well and abroad BAT is benefitting from a brands swap it agreed previously with American Tobacco.

BAT is the most international of cigarette companies. Global consumption fell by 0.5 per cent a year between 1988 and 1993, according to Diana Temple of Salomon Brothers. But for every market declining, another beckons as it opens up to foreign cigarettes. The most enticing is China, accounting for one-third of the world's cigarettes. On one hand the government is trying to curb consumption but on the other it is opening the market. BAT has about half the imports which account for roughly 5 per cent of consumption. Its weakness, though, is it lacks a local venture unlike Philip Morris, RJR and Rothmans International.

Encouraged by the third quarter results, analysts raised their full-year pre-tax forecasts a notch to around £2bn against last year's £1.8bn. But thanks to rising tax and minorities, they left earnings per share unchanged at around 40p versus 38.5p. The best part is the yield of around 6 per cent with a bigger payout to come at the year end.

An all clear from the judge would remove a cloud over BAT's shares and let investors focus on the wider tobacco potential around the world. But for real value, the bulls say, BAT should spin off financial services and let tobacco run free. That, however, is a judgment BAT seems reluctant to make.

Roderick Oram

For income, growth and tax planning, too

***Debbie Harrison** examines insurance bonds*

Those seeking the best way to invest a lump sum to provide capital growth, a regular income or a combination of both may – in addition to a host of unit trusts – come across a confusing range of insurance bonds which claim to meet these requirements and, at the same time, offer chances for tax planning.

Insurance bonds, sold by life offices, are one-off or "single premium" investments. In most cases, they have no fixed maturity date. The range of funds is similar to unit trusts although there are special low-risk insurance bond options that appeal to the ultra-cautious investor. But the tax treatment of insurance bonds and unit trusts is different.

The element of life cover offered by insurance bonds, although nominal, allows them to qualify for standard life assurance tax treatment. This means that the fund, not the individual, pays tax that is equivalent broadly to the basic rate on both income and capital gains.

With unit trusts, the dividends distributed are deemed net of lower-rate income tax but the fund rolls up free of capital gains tax (CGT), which is paid by the investor when units are cashed in. This gives unit trusts two advantages over insurance bonds.

First, the investor can use his annual CGT allowance to offset this tax. Second, non-taxpayers can reclaim all or most of the income tax (depending on the fund) which is deducted from the dividends. The same is true for investment trusts.

Under an insurance bond, these taxes cannot be offset or reclaimed, which means that non-taxpayers generally should not invest in bonds. Taxpayers should consider the CGT implications very carefully before opting for a bond rather than a unit or investment trust.

The main distinguishing feature of bonds is that the investor can withdraw 5 per cent of the original capital for 20 years without having to include this "income" in the tax return. This is because the Inland Revenue regards these withdrawals as a return of the original capital investment. The 5 per cent annual withdrawal can be carried over fully or partially to future years.

For lower-rate taxpayers, there is no further liability, but higher-rate taxpayers will be liable to tax when the bond is cashed in. But they can claim "top-slicing" relief on any profit they have made.

This works by averaging the profit over the number of years the bond has been in place and adding the result to the investor's income, so arriving at any higher-rate tax due.

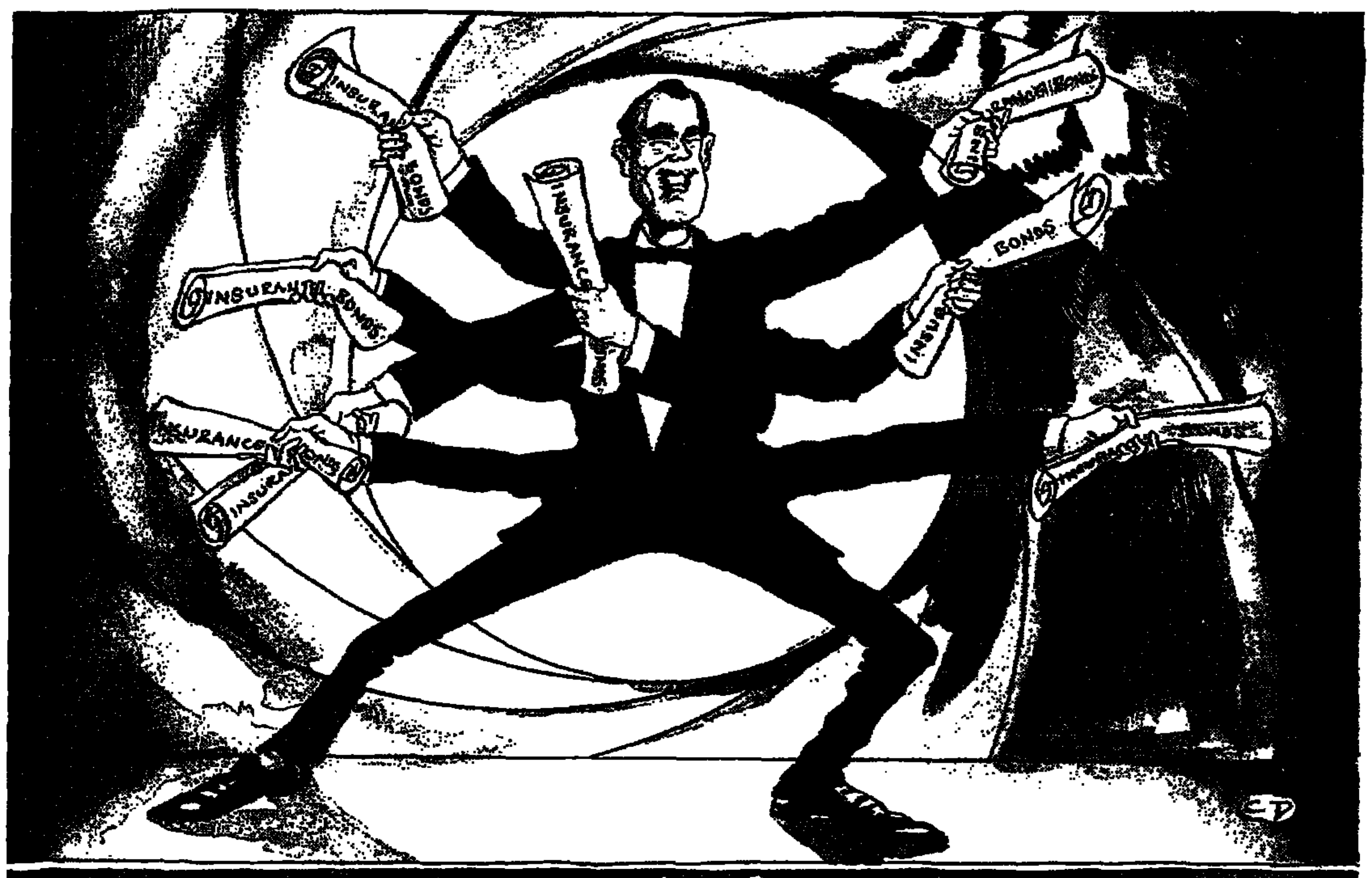
You can make withdrawals larger than 5 per cent. These are treated as net of basic-rate income tax, so there is no further charge for basic-rate taxpayers. But those paying higher-rate tax will incur a 15 per cent liability (the difference between the basic and higher rates). This flexibility over the amount of income withdrawn is considered one of the most important features of insurance bonds.

Advisers usually recommend that the policy is written on a joint life basis so that, if the policyholder dies, the bond can continue in the spouse's name. You can also write the policy in a simple family trust so that, on death, the fund passes on in a tax-efficient way to the next generation.

Charges on unit-linked bonds are similar to unit trusts with a 5 per cent initial charge (the bid/offer spread) and an annual management charge of between 0.75 per cent and 1.25 per cent depending on the fund. Fee-based advisers will be able to reduce or eliminate the initial charge.

If you are interested in a bond, your adviser should consider the tax consequences and your attitude to risk before selecting the most appropriate product (see "choice" below). With a large number of funds available for most types of bond, independent advice is essential.

Good, consistent performance is paramount, but the adviser should also check the provider's charges and financial strength. This is particularly important in the case of with-profits funds, which must have substantial reserves.



"The name's Bonds; INSURANCE BONDS"

Making the right choice

It is important to select the right type of insurance bond to match your requirements, both from the tax aspect (see above) and your attitude to risk.

■ **Guaranteed income bonds**
These are designed for the very cautious investor who wants a regular income and to preserve capital. They are fixed-term products usually held for one to five years, with a penalty for early termination.

Charges are not disclosed but are deducted from the return, as with a building society account. Rates change often but it is possible at present to secure an annual return of 7.5 to 8.5 per cent, net of basic rate tax, for five years. Guaranteed growth bonds operate in a similar way but re-invest the income.

■ **With-profits bonds**
These are designed for cautious investors who want an element of capital growth. The fund invests in equities, property, gilts and cash. While the full return of capital is not always guaranteed, the annual return (or "bonus") is, once it has been allocated.

Bonuses have fallen in recent years, but a well-managed fund should outstrip building society returns by a substantial margin. There is no fixed maturity date, but a minimum term of five years – and preferably 10 – is recommended. If market conditions are very poor, the provider retains the right to make deductions (known as the market value adjustor) when a bond is cashed in.

■ **Distribution bonds**
These represent the next step up the risk ladder from with-profits bonds. Your investment buys units in the fund, which is invested in similar assets to the with-profits bond. Distribution bonds separate the income from the capital growth. Withdrawals are taken from the income, leaving the original capital intact.

■ **Managed and specialist unit-linked bonds**
These are designed for the more adventurous investor. Managed funds generally invest in a range of the providers' main funds but tend to be equity-dominated. Specialist funds invest in particular markets – say, Far East or European equities – but low-risk funds, such as cash and fixed interest, are also available. Usually, it is possible to switch between funds free of charge or for a nominal fee. These internal switches will not incur a tax charge.

■ **High-income bonds**
These are similar to guaranteed income bonds but there is no guarantee that the full capital invested will be returned. Instead, this usually depends on the performance of the FT-SE 100 index. If the index does not fall over the investment period, the return of original capital may be guaranteed. At present, these bonds offer 9-10 per cent income a year net of basic-rate tax. Investors should always check the conditions under which the full capital will be returned.

■ **Guaranteed equity bonds**
These are growth-orientated and not recommended for people seeking income. The bond usually provides a minimum rate of return – for example, 25-35 per cent over five years on top of the original capital. There may be additional returns, depending on the performance of the index to which the bond is linked.

Offshore bonds can be used as long-term vehicles for tax planning, especially where you want to leave the assets to the next generation. They are gross funds: the tax and CGT liability rests with the individual.

□ *This guide was compiled with the help of Andrew Jones, a partner with the David Aaron Partnership, an independent adviser which will provide individual surveys on guaranteed income bonds, with-profits bonds and distribution bonds plus a guide to simple family trusts. Write to the partnership at Shelton House, High Street, Woburn Sands, Milton Keynes MK17 8SD (tel: 0908-281544). Price: £8 for the set or £4 for individual surveys.*

Weekend Money

From next Saturday, we will be publishing a separate personal finance section every weekend alongside the Weekend FT.

Weekend Money **will give you two things. First, there is a brief review of the financial highlights of the previous week.**

Second, there is a more detailed analysis of personal finance topics already provided by Finance and the Family.

Weekend Money's **team of experts will be providing incisive comments on all the latest news. And there will be substantial additions to the regular statistical material.**

FINANCE AND THE FAMILY

The week ahead

Stale result for baking giant

MONDAY: Associated British Foods, the UK's biggest baker, will be hard pressed to make pre-tax profits for the year to September any higher than the £338m a year earlier. Some analysts are looking for as much as a £40m fall. Improved food and sugar profits in the UK are likely to be offset by falling profits in Australia and a further deterioration in finances.

Net interest earned might be halved from the previous year's £61m but the dividend is expected to rise 0.3p to 6.8p for the year.

MONDAY: The City forecasts pre-tax profits at BAA to rise from £237m to around £262m in the first half. The group, which operates seven UK airports, is expected to show strong growth in traffic but analysts will be looking to see if Stansted, London's third airport, has moved into profit.

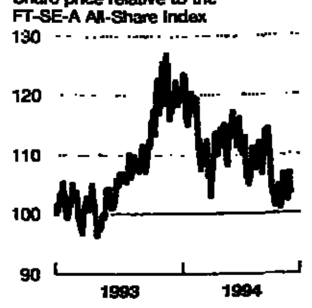
TUESDAY: British Airways should make pre-tax profits between £210m and £230m in the second quarter, up from £172m last year. Analysts expect the core airline business to perform very well. But the performances of the US carrier USAir, BA's French affiliate TAT and its German partner Deutsche BA, will all come under scrutiny.

TUESDAY: Investment bank **S.G. Warburg** will announce earnings for the six months ended September 30 and securities analysts are offering no prizes for guessing the results. Last month, Warburg put out a profits warning in which it said that it expected to report earnings of £55m to £65m for the period, down sharply from the £148.8m in the same period in 1993.

TUESDAY: Marks and Spencer, the UK's most profitable retailer, is expected to announce another strong set of results, with interim pre-tax profits rising from £307.8m to around £355m. But the figures could be distorted slightly by last year's 53-week period and an early Easter holiday. Analysts are concerned about trading levels and start-up costs on the continent.

Cable and Wireless

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

TUESDAY: Anglian Water is forecast to show interim pre-tax profits of about £110m (£100.5m) when it reports, and an 8.5 per cent increase in the pay-out to 7.9p. Treatment of infrastructure charges could affect the headline numbers.

WEDNESDAY: Commercial Union is forecast to show pre-tax profits of about £285m compared with £144m last time. The results will be the first since the acquisition of French insurer Groupe Victoire, though its impact is expected to be marginal at this stage.

WEDNESDAY: Half-year results from **Amersham International**, which makes diagnostic pharmaceuticals, should present a clearer picture of the company's fortunes than did last year's, which were distorted by acquisition.

A good performance from its product, Metastron, should help the company record a pre-tax profit of at least £20m, compared with £17.4m last time, and allow a 14 per cent rise in the dividend from 4.4p to 5p.

WEDNESDAY: Analysts are forecasting interim pre-tax profits in the range of £550m to £580m for **Cable & Wireless** – which at mid-point is about 11 per cent up on last year's £509m.

Continued strong growth at Hongkong Telecom, far and away C&W's largest profit earner, will be offset by slower growth at Mercury, C&W's UK subsidiary, which is fighting hard against rising UK competition and fast declining BT prices. Start-up costs for ventures such as Mercury One-2-One will also affect non-Hong Kong earnings.

THURSDAY: Second-quarter pre-tax profits at **British Telecommunications** are expected to fall between £750m and £800m, after about £100m in redundancy charges but before a £75m re-purchase of bonds. That compares with £743m last year after redundancy charges, giving underlying profits growth of about 4.5 per cent.

Although other cable operators are advancing, most analysts believe that BT is responding positively to growing competition in the British market. Cellnet, BT's mobile joint venture with Securicor, is expected to report a strong performance.

THURSDAY: Royal Insurance is expected to confirm its recovery from heavy losses early in the 1990s with a pre-tax profit figure of about £310m against £113m last time.

THURSDAY: Northumbrian Water is likely to show a substantial rise to about £39m (£22.6m) in spite of non-core losses, and could follow the example set by Thames Water with an 11 per cent dividend increase to 9p.

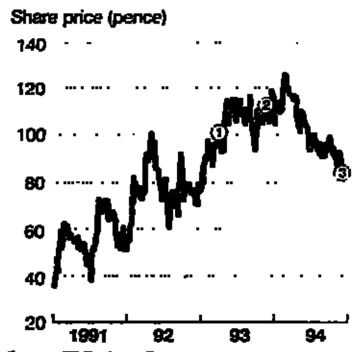
THURSDAY: ScottishPower will be expected to offer some indications of future dividend growth after the recent electricity price review. Forecasts are for about £124m (£115.7m) in pre-tax profits, with an increase in the dividend from 4.13p to about 4.6p.

THURSDAY: Burton, the clothing retail group, is forecast to announce pre-tax profits of between £40m and £43m for the year (£18.5m). Margins at the multiples, which include Burtons, Dorothy Perkins and Top Shop, are thought to have been squeezed. The best performer is again expected to be the department store Debenhams.

Directors' transactions

Wickes

Share price (pence)



Source: FT Business Enterprises

The sale of stock by **Geoffrey Brown**, chief executive and major shareholder at CentreGold, an electronic games publisher and distributor, came soon after its final results. Broker Smith New Court took company executives to visit its institutional contacts, a move that generated considerable interest in CentreGold. But the resulting demand for stock could not be met in the market; thus, Brown's sale.

☐ **Bluebird Toys** featured a couple of weeks ago when chairman Torquil Norman sold 1.2m shares. Although he undertook not to sell any more, one of the executive directors, **David Laxton**, has now disposed of almost half his stake.

☐ The buying in Wickes is significant, if only because it is unusual to see quite so many directors buying all together. The share price has languished since announcement of final results in August. But such a show of unity should not be ignored completely.

Vivien MacDonald, the Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bluebird Toys	L&H	52,500	116,025	1
CentreGold Plc	Mdia	1,387,861	1,360104	1
Haynes Pub	Mdia	4,000	17,040	1
Holt (Jos)	Brew	1,050	35,175	1
Iceland Group	RetF	900,000	1,458000	1
Inchcape	Dist	15,000	63,000	1
Macallan-Glenlivet	SW&C	40,000	84,000	1
McKay Secs	Prop	52,215	94,109	1
Prudential Corp	LifA	208,750	617,900	1*
Ropner	Divl	30,000	37,500	1
Ross Group	Dist	250,000	22,500	1
SIG	BM&M	39,683	98,414	1
PURCHASES				
Anglo-East Plant	OS&B	100,000	95,000	1
Bradford Prop	Prop	6,000	11,220	1
Brooks Service	SSer	20,000	12,200	1
Cattles (Hldgs)	OthF	11,460	14,898	1
Development Secs	Prop	50,000	11,500	1
Everest Foods	FdMa	250,000	140,000	2
Global Grp	FdMa	100,000	13,000	1
Kleinwort Second	InvT	20,000	17,600	1
Maunders (John)	BCon	5,000	11,050	1
McKay Secs	Prop	11,000	19,910	1
Olives Property	Prop	50,000	17,000	1
Plantation &General	Uncl	30,000	16,200	1
Smiths Inds	Eng	30,807	140,172	3
Sunset & Vine	Mdia	20,000	26,800	1
Tarmac	BM&M	9,000	11,340	1
Tomkins	Divl	5,000	10,000	1
United Biscuits	FdMa	10,000	30,000	1
Wickes	BM&M	114,112	102,701	8

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 24th-28th October1994.
Source: Directus Ltd, The Inside Track, Edinburgh

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bellway	B&C	Jul	28,000	(16,700)	17.3	(10.6)	7.0	(6.0)
Broadgate Inv Trust	InTr	Sept	119.73	(123.62)	1.79	(2.16)	1.6	(1.8)
Cooper (Frederick)	Eng	Jul	6,310	(4,120)	6.0	(3.5)	2.5	(2.2)
De Morgan Group	Prop	Apr	11	(258 L)	0.02	(-)	-	(-)
Euromoney Publicat.	Med	Sep	24,000	(17,700)	69.38	(56.64)	42.5	(38.0)
Fleming Chinese Inv	InTr	Sept	84.95	(-)	0.81	(-)	0.5	(-)
Intl Comms & Data	SpSv	May	1,090	(4,920 L♥)	2.2	(-)	-	(-)
Kwik Save	RetF	Aug	135,600	(126,300)	57.29	(55.49)	19.25	(18.3)
Lowland Inv	InTr	Sept†	282.3	(282.4)	9.4	(9.45)	9.3	(9.0)
M&G Equity Income	InTr	Sept†	139.7	(139.7)	4.67	(5.13)	2.8	(2.5)
MMT Computing	SupS	Aug	2,510	(1,730)	13.1	(9.0)	3.7	(2.75)
On Demand Info.	Med	Jul	2,630 L	(1,450 L)	-	(-)		
Sage	SpSv	Sep	14,300	(9,650)	45.4	(32.5)	10.91	(9.92)
Scottish National Tst	InTr	Sept†	42.9	(94.9)	7.41	(7.83)	7.5	(7.75)
Smart (J)	B&C	Jul	1,650	(2,040)	10.02	(13.26)	8.5	(8.5)
Usborne	FdMa	Jun	13,200 L	(1,600 L)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abtrust New Thai	InTr	Aug†	210.12	(179.08)	-	(-)
BAT Industries	Tob	Sep♦	551,000	(455,000)	-	(-)
BET	SpSv	Oct	57,700	(46,100)	1.2	(1.0)
Beverley Group	n/a	Jun	1,730 L	(929)	-	(-)
Boots	RetG	Sep	289,700	(174,600)	5.35	4.9
British Petroleum	Oil	Sep♦	415,000	(337,000)	2.5	(2.5)
Campbell & Armstrong	B&C	Jun	198 L	(1,880 L)	-	(-)
Capital Gearing Tst	InTr	Oct†	510.1	(-)	-	(-)
Celsis International	Hlth	Sep	2,230 L	(581 L)	-	(-)
Celtic Gold	n/a	Jun‡	218 L	(302§§L)	-	(-)
Charnos	n/a	Jun	2,320 L	(667 L)	-	(-)
Craig & Rose	Chem	Jun	115 L	(135 L)	-	(-)
Danka Business Sys	E&EE	Sep	21,100	(13,300)	0.9	(0.75)
Daros Estates	Prop	Jun	133 L	(465)	-	(-)
Fairbriar	B&C	Jun	1,510 L	(1,550 L)	-	(-)
GBE Intl	Eng	Jun	3,950 L	(1,080)	0.5	(-)
German Inv.Trust	InTr	Sep	112.1	(109.4)	-	(-)
Hewitt Group	BdMa	Jun	2,340 L	(-)	-	(1.5)
Jarvis	PP&P	Jun	2,980 L	(630 L)	-	(-)
Jarvis Porter	PP&P	Aug	4,680	(3,420)	1.9	(1.65)
Jermyn Investment Co	InTr	Jun	55	(77)	-	(-)
Laser-Scan	SpSv	Jun	7730 L	(45)	-	(-)
Mezzanine Cp&Inc '01	InTr	Sept	312.7	(273.4)	7.0	(5.5)
Northern Fine Foods	FdMa	Sep	355	(104)	-	(-)
OMI Intl	Eng	Sep	18	(237)	0.75	(0.75)
Panther Secs	Prop	Jun	1,130	(707)	1.1	(-)
Pascoe's Group	FdMa	Jul	1,260 L	(2,500 L)	-	(-)
Powerscreen Intl	Eng	Sep	14,100	(12,600)	2.2	(2.0)
Quadrant	L&H	Aug	154	(1,020)	-	(-)
Rackwood Min Hldgs	Exln	Jun	29	(111)	-	(-)
Ramco Energy	OilE	Jun	81	(297)	-	(-)
Rexmore	Text	Jun	838	(688)	1.3	(1.0)
Safeland	Prop	Sep	1,090	(327)	0.88	(0.6)
Sainsbury (J)	ReFd	Jun	444,300	(417,200)	3.2	(3.0)
Seton	HthC	Aug	4,030	(3,180)	2.2	(1.9)
Thames Water	Wtr	Jun	151,000	(136,000)	8.2	(7.4)
Toye & Co	Text	Jun	138 L	(247 L)	-	(-)
Westbury	B&C	Aug	5,760	(3,700)	1.9	(1.75)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † Net asset value per share. ‡ Irish punts and pence. ♣ 3 month figures. ♦ US dollars and cents. §§ 12 month figure. ♦ 9 month figures. ★ 26 week figures. ♥ 15 month figures.

RIGHTS ISSUES

Butlers is to raise £1.26m via an issue of 7.03m shares @ 20p on a 1-7 basis.
OMI Intl is to raise £9.5m via an issue of 27.8m shares @ 37p on a 5-8 basis.
Seton is to raise £29.5m via an 1-3 rights issue at 285p.
Usborne is to raise £6m via a 4-3 rights issue.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Bula Resources is to raise £5.9m via a placing and open offer.
Clydeport Holdings is coming to the market via a placing.
RPS is to raise £1.9m via a placing and offer of 2.92m shares at 65p.
Reece is to raise £1.4m via a placing and open offer of 48.3m shares at 3½p.
Samas is coming to the market via a placing of new shares to raise appx £16m.
Staga Pharmaceuticals is to raise £7m via a subscription offer.
Tele-Cine Cell is coming to the market via a placing of 4.7m shares at 170p.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
AG Holdings	PP&P	Tuesday	-	2.0	2.25
Assoc British Foods	FdMa	Monday	6.5	-	8.5
Automagic Hldgs	Text	Monday	-	-	-
Bibby (J) & Sons	Dvin	Wednesday	2.0	-	1.0
Burton Group	ReGn	Thursday	1.0	1.0	1.0
Fenner	Eng	Wednesday	-	-	0.5
Five Oaks Investments	Prop	Monday	-	-	0.20
Gartmore Shared Equity	InTr	Tuesday	-	-	-
Honeysuckle Group	Text	Thursday	0.75	1.5	1.0
Mercury Keystone Inv Tst	InTr	Friday	5.0	10.5	5.0
Orb Estates	Prop	Thursday	-	-	-
Ramus Holdings	BdMa	Friday	-	-	-
Stratagem	OtFn	Monday	3.25	1.5	-
UPF Group	Eng	Tuesday	-	-	-
Villiers Group	OE&P	Wednesday	-	-	-
WEW Group	ReGn	Tuesday	1.1	0.25	0.35
INTERIM DIVIDENDS					
Amersham Intl	Hlth	Wednesday	4.4	11.1	-
Anglian Water	Wtr	Tuesday	7.3	15.5	-
Appleby Westward	RetF	Thursday	3.2	6.8	-
BAA	Tran	Monday	6.75	11.25	-
Bank of Ireland	Bank	Thursday	-	-	-
Boustead	Dist	Friday	-	1.0	-
British Airways	Tran	Tuesday	3.18	7.92	-
British Telecom	Tele	Thursday	-	-	-
Cable & Wireless	Tele	Wednesday	2.6	5.65	-
Chamberlin & Hill	Eng	Wednesday	2.0	4.5	-
Commercial Union	Ins	Wednesday★	15.1	9.75	-
Cranswick	FdMa	Thursday	2.4	5.85	-
Drayton English & Intl.	InTr	Thursday	0.4	0.4	-
Electrocomponents	Dist	Wednesday	2.5	7.0	-
Elliott (B)	Eng	Monday	-	1.0	-
Greenway Hldgs	OtSv	Tuesday	-	1.5	-
Hambro Insurance Svcs	OtFn	Wednesday	1.85	3.7	-
Hartlepools Water Co	Wtr	Tuesday	23.0	37.0	-
Henderson Admin Group	OtFn	Monday	12.5	31.5	-
Ingham	EngV	Tuesday	1.75	3.25	-
Investment Company	OtFn	Monday	0.5	1.0	-
Jersey Phoenix Tst	OtFn	Wednesday‡‡	1.25	1.5	-
Johnson Fry Second Utl	InTr	Thursday★	-	-	-
Kleinwort High Income Trust	InTr	Tuesday‡‡	1.875	1.875	-
Kleinwort Emerging Mkts	InTr	Thursday	-	-	-
London Ins Mkt Inv Tst	Ins	Thursday	-	-	-
Marks & Spencer	ReGn	Tuesday	2.5	6.7	-
Merchant Retail Group	ReFd	Monday	0.2	-	-
Mercury Asset Mngmt Group	OtFn	Tuesday	4.0	18.5	-
Northumbrian Water Group	Wtr	Thursday	8.1	16.2	-
Oxford Instruments	Eng	Thursday	1.5	3.4	-
Parkland Group	Text	Thursday	2.0	3.0	-
Porter Chadburn	PP&P	Thursday	-	-	-
Prowting	B&C	Friday	1.7	1.7	-
Royal Dutch Petroleum	Oil	Thursday★	-	-	-
Royal Ins Hldgs	Ins	Thursday★	2.5	5.0	-
Schroder Split	InTr	Friday*	-	-	-
Scottish Power	Elec	Thursday	4.13	8.27	-
Shell Trans & Trading	Oil	Thursday★	10.2	13.8	-
Somic	PP&P	Thursday	1.0	1.5	-
Staveley Industries	Divl	Thursday	2.3	6.2	-
Ugland Intl	Tran	Tuesday	-	0.74	-
Umeco	Eng	Friday	0.75	1.25	-
Unilever Plc	FdMa	Friday★	6.08	18.95	-
Warburg (SG) Group	MrBk	Tuesday	6.0	16.0	-
Warner Howard	SpSv	Thursday	2.27	5.04	-
Wyndeham Press Group	PP&P	Tuesday	0.75	1.5	-
Yates Bros Wine	Brew	Wednesday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. ‡‡ 1st quarterly. ♦ 2nd quarterly ★ 3rd Quarterly

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
Aitken Hume	55*	51	51	29.60	Allied Group
Andrews Sykes	65*	68	67	10.70	Euro Fire Prot.
Attwoods	109	114	109	364.00	Browning-Ferris
Dale Electric	70½*	72	60	16.00	TT Group
Scholes ‡	250*	253	193	96.10	Hanson
Towles ‡	275*	268	243	4.22	London City
Trans World ‡	181	178	173	70.80	EMAP
VSEL	1291	1394	1228	490.27	Brit Aerospace
VSEL	1400*	1394	1323	532.00	GEC

*All cash offer. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 5/11/94. §§Shares and cash

FINANCE AND THE FAMILY

Just five days to pay

***Bethan Hutton** on the latest stage of rolling settlement*

Private investors have just under eight months to get used to the idea of paying for shares five days after buying them. The London Stock Exchange announced this week that T+5, the next stage of rolling settlement, would start on June 26 1995.

The first stage of rolling settlement was introduced in July when the old stock exchange account periods were axed and replaced with the new system of settling share transactions 10 days later, known as T+10.

The move to T+5 was planned originally for January but was postponed to allow market traders more time to adjust. The main pressure behind rolling settlement comes from the big institutions, which account for the bulk of dealing on the stock exchange.

"It will make life more difficult for the minority but I think it is inevitable. Wall Street is moving to T+3," says Brian Tora, of private client stockbroker Greig Middleton. Paul Killik, senior partner at Killik & Co., agrees. "The dynamics of this are institutional and international – you cannot stop it. It is no good complaining."

Rolling to settlement . . . now payments must be made ever more quickly

The advent of T+5 will increase the pressure for changes in practices which started with T+10. "We certainly think that T+5 is going to be difficult for a lot of private clients to meet," says Tora. Selling is not such a problem, but he feels more investors will find their broker asking for payment up front before he will place an order.

Tora adds: "If you look at the pure mechanics of it, you are talking about phoning an order in and the contract note being issued which, at the very best, is going to arrive a day later, maybe even the day after that, depending on circumstances.

"Then the private client has to send the cheque, which will take another day, and that cheque is going to need three days to clear – so, effectively, the broker is going to be out of funds."

There is a growing tendency for brokers to charge interest on late payments but they are also working on other ways around this problem. Common solutions are to provide client banking facilities, so eliminating the time wasted sending cheques through the post, or to offer credit. Usually, this is done through margin trading where brokers lend clients money to buy shares on the security of shares they own already.

Greig Middleton already has banking arrangements for its customers. "Clients have a nominated deposit account: sales can be credited to that and purchases settled from it. Obviously, it makes life a lot easier," says Tora.

The firm is still working on its plans to offer margin trading. Similarly, Killik is hoping to have client banking and margin trading facilities in place in good time for T+5.

T+5 will make nominee accounts for holding shares almost unavoidable, as the five-day system simply makes the physical sending of share certificates to and fro increasingly infeasible.

More than 90 per cent of Killik's clients now use nominees, although Killik is still unhappy about some drawbacks of the system, such as the effect on communication between companies and shareholders.

Most brokers say that the transition to T+10 was much smoother and caused fewer problems than they expected. They now hope that halving the settlement period will prove equally trouble-free.

New issues

Institutions get tougher

Pulled flotations, over-subscriptions and healthy trading premiums this week have illustrated the stark contrast in the receptions accorded to different companies in the new issues market.

New Look, the women's wear chain, confirmed many a sceptic's view that the market has overheated when on Wednesday – the afternoon before the share pricing was due to be announced – it postponed its flotation plans.

The following day, however, *TLG – the holding company* for Thorn Lighting Group – said its flotation was three times over-subscribed. And there was good news from Calluna: shares in the disk drive manufacturer leapt 42 per cent on Monday, its first day of trading.

Schroders, the adviser to New Look, trotted out the well-worn "adverse market conditions" excuse. But City analysts are taking a different view. They point out that after the flood of new issues this year, the market is returning to a form of equilibrium with new issues again being judged on management, prospects, track records, margins and *other fundamentals*

Most of all, the fall in demand from institutional investors has prompted a re-rating: prices are being forced down. In the case of TLG, for example, the shares originally were offered to institutions at a figure 10 per cent higher than their eventual price.

In New Look's case, retail analysts say that with institutional share buying at a seasonal low, the Budget looming and retailers gloomy over the outlook for Christmas, launching a shopping company at this time was always going to be tricky.

New Look has more than *tripled operating profits and* turnover in the past three years. Profits of £11m last year were almost matched by the near-£10m posted for first six months of this year, while operating margins of 16.9 per cent are double those of its nearest rival, Etam, and well ahead of the market's retailing doyen, Next.

"With margins like those, where would any expansion come from?" asked one fund manager.

The success of TLG and Calluna shows the new issues market is still a place for healthy business. New Look's postponement demonstrates a more rigorous attitude from *institutional investors.*

Christopher Price

FINANCE AND THE FAMILY

Making money with options

***Heather Farmbrough** investigates their good points but finds some pitfalls, too*

Options dealing costs

Broker/Service	Minimum transact'n opening	Commission up to £5,000	Commission £5,000 to £10,000	Minimum closing transact'n	Commission up to £5,000	Commission £5,000 to £10,000	Contract fee
Sharelink Execution	£20.00	1.5%	1.5%	£10	1%	1%	£1.50
Fidelity Execution	£25.00	1.25%	1.25%	£15	1%	1%	£2.00
Wise Speke	£20.00	1.75%	1%	£15	1.25%	0.75%	£1.40
A.E. Sharp Advisory	£30.00	1.00%*	1.00%	£10	1.00%*	1.00%	£1.40
Derivatives Securities Ltd	£37.50	2%	1.5%	£37.50	2%	1.5%	£2.00
Wise Speke Advisory	£30.00	2.5%	1.5%	£30	1.25%	0.75%	£1.40
Charles Stanley	£20.00	2.5%	1.5%	£20	2.5%	1.5%	£2.00
Tilney Execution+advisory	£34.00	2.5%	1.5%	£34	2.5%	1.5%	£1.60

*4.00% up to £1,000

Source: the broking firms

Over the past month, stockbrokers Fidelity and Wise Speke have launched options-dealing services designed to attract private clients. Is this a sign that the market is taking off?

Well, no. It seems more likely that trading has been quiet in the derivatives market and brokers are trying to drum up business. Nevertheless, it is well worth looking at options, particularly as the market does not need to be rising for investors to make money.

Options often are marketed as a cheap and safe way into the stock market. Paying 15p for an option might seem a small outlay compared with 800p for a share in ICI. And, as Fidelity's Judith MacMichael says: "They have some of the characteristics of trading shares within the stock exchange account [no longer possible since the introduction of rolling settlement]. You don't have to put up much money to make short-term gains and losses."

Under the old stock exchange system of trading accounts, it was possible to buy and sell equities over the 28-day account period without having to part with any money apart from settling losses. Now that is no longer the case, the two best ways of playing the market in the short term are either options or margin trading.

The latter requires investors to arrange credit to pay for the majority of the purchase cost of the shares on settlement day, but this can be complicated and expensive. So, options seem likely to become the more popular, particularly when the equity market settlement period is reduced to five days next year.

With a call or put option, you buy the right to purchase or sell shares. But as you are under no obligation to take up the option, your potential losses are limited only to the premium paid to acquire the rights to the shares and your dealing costs.

If you understand the markets, the low-cost, execution-only dealing services offer good commission rates for private investors.

Three years ago, Sharelink shook the market by undercutting commission rates, offering 1.5 per cent commission on opening and 1 per cent on closing bargains. But Fidelity has just launched a new execution-only discount dealing service which undercuts Sharelink by charging 1.25 per cent on opening, although the closing commission is the same (see top table).

If you are a regular options trader who does not need advice and tends to deal in small amounts, Sharelink is good value, especially as its contract fee is smaller than that of Fidelity. But if you are dealing in larger amounts, Fidelity's lower commissions may be better.

Advice costs more: commissions for Wise Speke's original advisory service start at 2.5 per cent on opening bargains of up to £5,000, while Albert E. Sharp charges 4 per cent.

There is no shortage of brokers offering an advisory service. Some offer discretionary dealing services, too. The London International Financial Futures and Options Exchange (Liffe) has a 15-page booklet crammed with the names of private client brokers. It is worth shopping around as rates do vary considerably (see table). Liffe also publishes several well-informed booklets and organises regular seminars for investors.

Wise Speke's new specialist options guidance service is designed for the investor who has decided which stock he wants but who wants guidance on the best way to buy. But, you might ask: isn't an investor who knows which options he wants better off paying less for a no-frills, execution-only service?

Not so, says James Butcher at Wise Speke. "People become obsessed with commissions, but one of the problems in the options market is that you do get a wide spread between bid and offer."

He claims that because his dealers know the supply and demand in the market for various stocks, and usually are dealing for several clients at a time, they can offer better terms than clients may receive placing one-off transactions elsewhere. As an example, he says the spread on Hanson or British Gas February 220 calls is now 11-14 pence. By dealing in a larger size, Butcher claims he is more likely to be able to buy the options for his clients at 13p, saving 1p on each contract.

There are some brokers who will trade in options on a discretionary basis (see bottom table). But others claim that most clients prefer execution-only services. "Options investors tend to tell us what to do – not the other way round," says Peter Loxton, of stockbroker Charles Stanley. But if you are new to options, bear in mind that good advice can cost far less than the losses from a poor investment decision.

If you write an option – that is, you receive the premium for an option and agree to sell or buy the shares if required to by its holder – the picture is very different. Potential losses can be open-ended.

The London Stock Exchange's derivative instrument risks' warning states, in bold type: "You should not deal in derivatives unless you understand the nature of the contracts you are entering into and the extent of your exposure to risk."

In other words, do not write options unless you have enough cash to buy the underlying shares or you hold the required number of shares underlying the option.

CONTACT LIST

Advisory and dealing only
Sharelink: 021-200 4585
Fidelity Brokerage: 0737-838000
Wise Speke: 071-617 2900
Albert E Sharp: 021-200 2244
Derivatives Securities Ltd: 071-253 5835
Charles Stanley: 0202- 317788
Tilney: 031- 556 2555

Discretionary
Albert E Sharp: 021-200 2244
Derivative Securities Ltd: 071-253 5835
Robert Fleming & Co: 071-377 9242
MeesPierson ICS Ltd: 071-972 0910
Killik & Co: 071-224 2050
Liffe: 071-379 2486

Money for old wood . . . conifers appreciate in value as they age

Trevor Humphries

See the wood and buy the trees

***James Buxton** explores a new scheme to lure forestry investors*

Individual investors have barely touched forestry as an investment since 1988. That was when the government terminated the tax break system which gave the industry a bad name as high-earning sportsmen and show business figures planted hillsides full of conifers in northern Scotland.

Yet, not everyone dislikes conifers, and the plantations are being made more attractive to see and visit. Furthermore, forestry still offers generous tax concessions.

No income tax is payable on income from commercial woodlands and there is no capital gains tax on increases in the value of standing or felled timber. Investments in forestry held for two years qualify for 100 per cent business property relief from inheritance tax (IHT).

Up to now, those tax benefits have been enjoyed mainly by land-owners. Now, though, a fund has been launched which will enable individuals to make small investments – the minimum stake is £1,000 – in existing woodlands.

The Timber Lands Distribution Fund (TLDF) expects to offer a net annual distribution of 8 per cent a year over the next decade. Since that is free of income tax, it represents the equivalent of 13.3 per cent for higher-rate taxpayers.

TLDF is sponsored by Neill Clerk Capital (NCC), a company which has specialised in business expansion scheme companies, and Savills, a surveyor and estate agent. They intend to raise up to £4.13m to buy plantations of mature and semi-mature sitka spruce trees from Tilhill Economic Forestry, a management company which will run the woodlands.

The first forest to be acquired is Black Rigg at Newcastleton, Cumbria, followed by another at Lochgilphead in Argyll, while the sponsors have an option on three more. Fund-holders will be allowed to explore them, and much of the woodland will be harvested gradually over the fund's 10-year life.

The sponsors believe the value of the timber will increase because conifers are known to appreciate in value over their 40-year span, especially in the final decade.

On top of that, the sponsors say timber prices are recovering from their all-time low at the end of 1991 and point to the 12.5 per cent rise (in the year to March 1994) in the index of standing conifer sales compiled by Forest Enterprise, part of the Forestry Commission.

At the end of the fund's life, all the capital will be returned. The sponsors hope the amount will at least equal the starting capital – although there are no guarantees – and claim it is possible there will be a capital gain from selling the remaining standing timber.

TLDF is not a trust but an "unregulated collective investment" under the 1986 Financial Services Act. This means it is not subject to any regulatory body (although NCC belongs to the Securities and Futures Authority).

Unlike a unit trust, there is no established market for the fund, and the sponsors warn that investors could have difficulty selling their stakes if they want to pull out before the fund is wound up – although NCC will try to arrange sales on a matched bargain basis. NCC also cautions that tax rates and reliefs may change and timber prices could fall.

Investors will have to bear issue costs estimated at 6.5 per cent, including a 3 per cent commission to intermediaries, as well as property acquisition costs put at 1.5 per cent; an annual 1 per cent management fee for NCC; and an annual forestry contractor's fee of £5.50 a hectare for Tilhill.

The fund, which closes on December 20, should appeal to higher-rate taxpayers wishing to diversify their investments, and to people seeking to reduce their IHT liability. An interest in forestry is an advantage.

■ *Prospectuses are available from Neill Clerk Capital: telephone 071-734 4446.*

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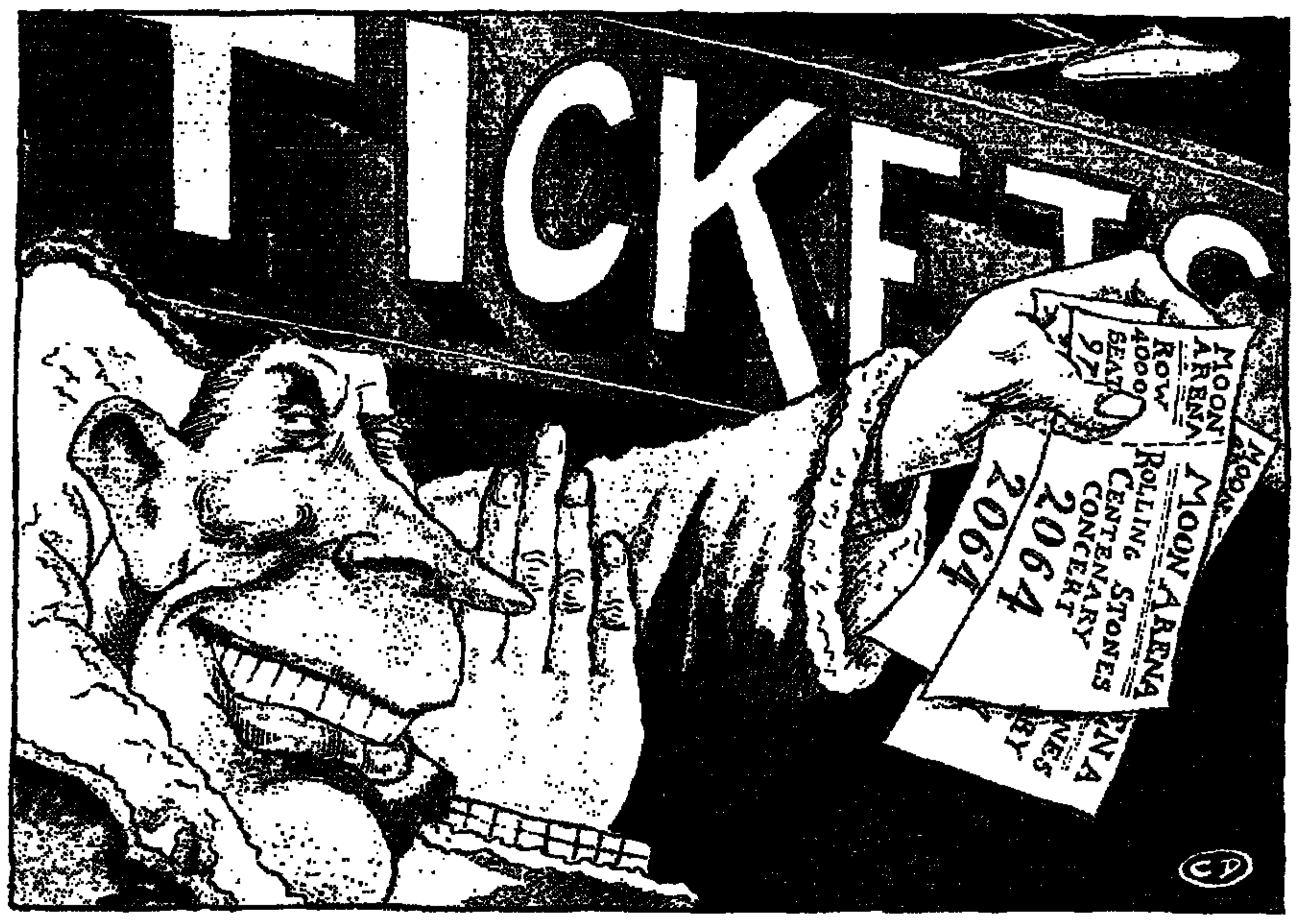
FINANCE AND THE FAMILY

Pay now but wait until 1996

Tickets for popular events can go on sale years ahead. Jacqueline Shorey wonders why



Businesses usually have 30 to 60 days to settle bills and consumers pay cash for many goods and services. But sport and music fans are being expected to pay for tickets up to 2¼ years in advance.

Tickets for the 1996 European soccer championship, to be played in England, went on general sale last week – 20 months before the first game kicks off. But season ticket-holders at English league clubs were offered priority booking last January – nearly 2½ years before Euro '96 begins.

Mike Parry, of the Football Association, says early ticket sales are "to give real fans ample opportunity to buy them. It's a huge operation, involving 1.3m tickets at eight venues. The time is needed to ensure the smooth running of the competition and to administer a direct debit system, which we're offering to fans to spread the cost".

Yet, football fans do not even know what teams they will see, since the draw will not be held until December 1995. For now, they are simply buying seats at a ground.

Steve Beauchampé, of the Football Supporters' Association, says: "One reason for such early ticket sales is that the FA needs to be sure that it will sell out all the matches. Some of the less attractive games may be a struggle."

The FA expects to raise about £60m if all matches sell out. What happens to that cash, and the interest it generates? Answer: the money goes into a trust fund account and, after expenses, the profit is split between Uefa, soccer's European governing body, and the FA.

Music promoters also are keen to get their hands on your money early. A US rock group, REM, will play big British stadiums next July – but tickets, costing £23, went on sale on October 22, nine months in advance. How does Paul Flower, marketing manager of promoter MCP, justify that?

"REM is one of the world's biggest bands. They haven't played in Britain for five years and have had three No 1 albums. We want to make sure that everyone who wants to see them can." Flower declined to say where the money went, and to whom, but said advertising and venues had to be paid for and groups needed cash to hire equipment and finance often-elaborate shows.

Nick Blackburn, sales and marketing director of Ticketmaster, a leading ticket agency, says: "I sympathise with promoters, who take big risks and who are being squeezed on deals. But customers need protection. We sold £¼m-worth of tickets for a UK tour by the Bolshoi Ballet this summer but the promoter, Derek Block, went under before the concerts took place. We had passed the money on to Derek Block, so we had no money for refunds."

If a promoter fails, the prospects are bleak. Susan Hayward of the Consumers' Association (CA), says: "The ticket-holder has a contract with the promoter, not the agent. Under the Consumer Credit Act, if the tickets cost more than £100 each, are paid for by credit card and payment is to the promoter direct, the credit card company must pay compensation if the promoter fails. But most payments are made via an agent."

Ticketmaster decided to refund Bolshoi clients from its own pocket. Blackburn says: "It's hard to see what lesson can be learnt from this experience. Promoters and acts continue to press for ticket money.

"I'd like to see an escrow fund – from which ticket money is not released to the promoter until the show – which would protect the public." The CA would like to see a bond scheme, similar to that in the travel industry.

Harvey Goldsmith, a rock music promoter who has put on shows by Pink Floyd and Elton John, is chairman of the Concert Promoters' Association. "We are encouraging ticket agents to come up with a code of practice, being drawn up with the help of the Office of Fair Trading," he says.

Why did tickets go on sale so early? "Because people buy tickets with 'today's money'. If we wait and put tickets on sale all at once for 10 different shows next summer, people won't have the money to buy all they want. We try to stagger ticket availability and give people time to buy – or they go mad at us."

FINANCE AND THE FAMILY

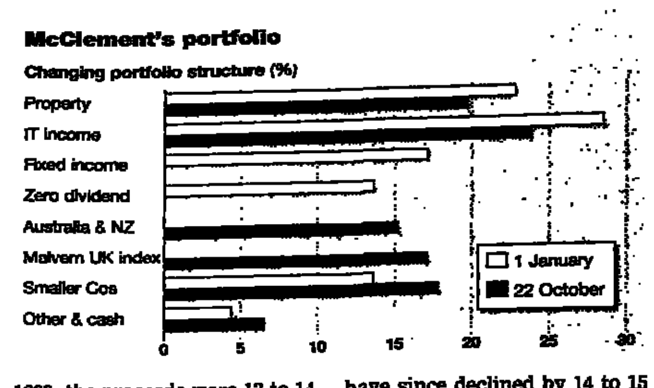
Down but still battling

Leslie McClements remains optimistic about his pension prospects

After leaving a public sector pension scheme, the author took a lump sum transfer into a unit-linked personal pension. When the annual charges rose, he decided he could do better by himself and transferred the personal pension into a small self-administered scheme . . .

McClement's portfolio

Changing portfolio structure (%)



By mid-summer, the likelihood of a rise in base rates had increased. The prospect of more short-term interest rate rises over the next year had also grown, so it was time to reduce further the portfolio's exposure to interest-sensitive stocks. This assessment was confirmed when base rates were increased by half a percentage point on September 12.

Early in August, I sold the Abtrust Preferred Income investment trust income shares and Bristol and West permanent interest-bearing shares (Pibs). While the sales yielded capital gains of 79 and 15 per cent respectively on their purchase prices in early 1993, the proceeds were 13 to 14 per cent below the peak prices of late January 1994. With hindsight, I should have acted six months earlier.

I wanted to increase my overseas weighting and felt Australia and New Zealand should benefit from both higher commodity prices and their trade with the more dynamic Pacific economies. So, I bought NM Smaller Australian and New Zealand investment trusts, although they have since declined by 14 to 15 per cent. While the yields are much lower, these stocks should have better prospects over the next couple of years.

I have also experimented with traded options. A small proportion (2.5 per cent) of the fund was used to open Redland and BTR call options early in September. With interest rate worries and the weakness in the US dollar, both are showing substantial losses. But as they are the February 1995 series, I hope they will recover before then. Nonetheless, I continue to feel options are too volatile for me.

Sphere investment trust income shares, with a 1.6-fold increase since early 1993, are the star performer in my fund.

Early in October, Dartmoor investment trust offered eight new shares for every 25 Sphere shares and the prospect of an improved yield. In response, Sphere intends to pay an enhanced dividend. The market reaction has been adverse, however.

The bidder and two fund managers, who account for more than half the Sphere income shares, have accepted the Dartmoor offer but I have decided to retain the Sphere shares until the wind-up in October 1995. By that stage, the discount of more than one-tenth should be eliminated. Meanwhile, the net asset value will increase with any recovery in world markets.

Artesian Commercial and Artesian Second Commercial, the unquoted property companies, have produced their first audited accounts. Commercial has achieved an 11 per cent increase in its net asset value and will pay a gross dividend of 12 per cent for the year.

Second Commercial began to acquire properties only this year and issue costs led to a small decline in shareholders' funds. Both companies are geared highly but their borrowings are protected by interest rate caps.

Mucklow Group is my fund's other property investment. It specialises in Midlands industrial estates and should benefit from continued growth in manufacturing output. In all, property now accounts for one-fifth of the portfolio. I have reduced exposure to interest-sensitive stocks greatly since the beginning of the year (see chart).

The portfolio is now down 10.8 per cent on the position in January, which compares with a fall of 6.8 per cent in the FT-SE-A index adjusted for gross dividends. But the fund should outperform in a market recovery.

**The author is an economic consultant. Earlier articles appeared on January 8, April 16 and August 6.*

Annuities

Annuities are either pension-generated – that is, bought with a retirement fund – or purchased with the individual's own capital.

Income from a pension-generated annuity is taxed as earned income, but payments from a purchased life annuity are split into interest, which is taxed, and return of capital, which is not.

So, the net income from a PLA is greater for the higher-rate taxpayer than that from a pension-generated annuity bought with the same money.

If the investor has poor health, an impaired purchased life annuity, offered by a small number of life companies, should be considered. These give enhanced rates based on the perceived life expectancy of the investor and are particularly attractive to people who have, or are expecting, high health-care costs.

Peter Quinton,
Annuity Bureau

Top annuity rates

An annuity provides guaranteed income for life in return for a lump sum investment. **PURCHASED LIFE ANNUITIES** are bought by people wanting extra regular income. Rates are attractive for older people. The annuity income is not fully taxable. The table shows rates net of 25 per cent income tax. Certain rates include "capital protection", allowing the capital invested – less instalments paid to you – to be returned to your estate when you die.

Without capital protection		**Without capital protection**	
Male age 70	**Annuity (+1.2%*)**	**Female age 70**	**Annuity (+0.2%*)**
RNPFN	£12,459.60	RNPFN	£10,620.00
Standard Life	£12,198.36	Standard Life	£10,488.84
Equitable Life	£11,961.60	Canada Life	£10,443.48
With capital protection		**With capital protection**	
Male age 70	**Annuity (+1.4%*)**	**Female age 70**	**Annuity (+1.1%*)**
RNPFN	£11,139.36	RNPFN	£9,895.08
Standard Life	£10,931.76	Standard Life	£9,803.04
Equitable Life	£10,901.64	Sun Life	£9,770.42
Without capital protection		**Without capital protection**	
Male age 75	**Annuity (+1.0%*)**	**Female age 75**	**Annuity (+0.4%*)**
RNPFN	£14,901.84	RNPFN	£12,573.96
Standard Life	£14,640.12	Standard Life	£12,419.16
Commercial Union	£14,158.20	Canada Life	£12,364.92
JOINT LIFE - 100% SPOUSE'S BENEFIT			
Without capital protection		**Without capital protection**	
Male age 68		**Male age 70**	
Female age 65	**Annuity (-0.6*)**	**Female age 68**	**Annuity (-0.4%*)**
Standard Life	£8,457.60	RNPFN	£8,959.92
RNPFN	£8,446.20	Standard Life	£8,955.36
Sun Life	£8,440.09	Sun Life	£8,947.20

*Month's movement

Payments are monthly in arrears, without a guarantee period and without escalation. Rates are at November 1 1994. Figures assume an annuity purchase price of £100,000 and are shown net after basic-rate tax. RNPFN annuities are available only to nurses and allied workers. Source: Annuity Bureau: 071-620 4090.

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FINANCE AND THE FAMILY

'Tax free' can trap you

Scheherazade Daneshkhu finds that savers can lose out

Marketing experts have long used sex to promote their products. In the world of investments, the words "tax free" have something of the same pull. But investors should beware of buying something simply because it carries that tag.

Take basic-rate taxpayers who buy a personal equity plan solely because it will save them tax. They are likely to find that the savings take many years to arrive because of the provider's costs in running the Pep.

Ian Hughes, a freight and distribution consultant, is wary of investments billed this way. He was sold a 10-year *friendly society policy by his* financial adviser who told him it offered "unique" tax-free advantages that would bring higher returns than other 10-year investments.

Friendly societies run tax-exempt 10-year savings plans where interest rolls up gross of tax. In return for tax exemption, the maximum contribution into these policies is capped by the government at £200 a year, or £18 a month.

Hughes was told that his £9-a-month policy from Family Assurance friendly society, amounting to a total investment of £1,080 over the full term, would have a likely maturity value of £2,611. But when the plan reached maturity at the beginning of October, it delivered £1,222.

As the table (by Micropal) shows, the plan did not keep up with inflation or with a building society account. Hughes will not have to pay tax on his matured lump sum, but that is not much comfort, since the building society figure *is shown after deduction of* basic-rate tax.

The table also shows that the average friendly society returned £1,900 over the same period, beating Micropal's unit, investment trust and insurance fund indices.

Family Assurance's Growth Fund performance is lower than the average for friendly societies but it is better than the figure for the insurance funds sector.

How does it compare?

Investment	Value after 10 yrs, £
Av friendly society	1,901
UK gen investm trust	1,884
UK bal unit trust	1,865
Family Growth	1,688
Life insurance fund	1,654
UK retail price index	1,358
Building society*	1,279
Hughes' policy	1,222

*The table shows the value at October 1 1994 of £9 a month invested since October 3 1984. Figures are shown offer-to-offer with net income reinvested. *Return is shown net of basic rate tax. Source: Micropal*

Barry Chambers, marketing director at Family Assurance, argues that it is not fair to compare the performance of the fund – which has just under £30m – with the other, far smaller funds in the friendly society sector where the next largest has just under £1m under management.

But Hughes received much less on his policy. This is because the figures in the table do not take charges into account, and it is here that friendly societies fall down despite their tax advantages. For one thing, the annual charge is high: Family Assurance charges 1.95 per cent.

Chambers admitted Hughes did not get a good return. "The reason for that is the impact of charges," he said. "Although they were comparatively low in monetary terms, as a percentage of premium – £9 a month – they were high."

Fixed costs do eat away a higher proportion of a low-premium investment than others, but there are some tax-free policies which offer good returns *at no charge*.

Small savers can earn up to 8.62 per cent a year tax free through the government's save-as-you-earn (Saye) scheme. This is a five-year plan with a minimum monthly saving of £1 a month and a maximum of only £20, or £1,200 maximum.

The bonus, paid at the end of five years, is equivalent to an annual return of 8.3 per cent. If the money is left for another two years, it is 8.62 per cent. These figures gross up to 13.8 and 14.4 per cent for a higher-rate taxpayer, or 11.1 and 11.5 per cent for someone paying the lower rate.

Early withdrawals are allowed but no interest is paid if a withdrawal is made in the first year; the rate is 6 per cent thereafter. You can have only one Saye contract at a time. Abbey National, Alliance & Leicester, Bradford & Bingley, Bristol & West, Britannia and Halifax are among those offering the scheme.

Move north, pay more

Christopher Elias on a tax anomaly

The owner of a house in Scotland could find he has to pay more to the Inland Revenue than someone with a property south of the border. This development, which could come as an unpleasant surprise to those concerned, affects staff who must sell up because their employer requires them to move their place of work from one area to another.

In his spring 1993 Budget, the chancellor of the exchequer announced he had decided to withdraw various tax concessions. One result was that staff getting re-location costs from their employers became liable to tax on part of them. But because of differences in property law between Scotland and England, the additional tax has resulted in an anomaly.

In most cases, staff members moving their workplace will not be taxed on benefits provided by their employer to help sell existing homes – such as payment of estate agents' commission – so long as the benefit is provided *after* the employee's "beneficial interest" in the property has been transferred.

There, though, is the rub. In Scotland, beneficial interest in property is not deemed to pass from the owner until the change in ownership is recorded at the Land Registry. In England and Wales, however, beneficial interest passes at the date of the contract to sell, and not when ownership itself passes to the buyer.

One way in which the bill can be reduced in England and Wales is for the employer or re-location company to enter a contract to buy a staff member's existing home.

By doing so, it acquires the employee's beneficial interest, which stops the potential tax bills adding up for him. The actual transfer of ownership is postponed (along with the legal costs and estate agent's commission) until a new buyer moves in.

In Scotland, however, all the costs which the staffer would have had to bear if his employer had not paid them will, potentially, be taxable.

Take a middle manager on a 40 per cent tax rate who is being moved from an £85,000 house in Scotland. The rules mean he could have to pay at least £850 in tax over and above that in England and Wales, while his employer could have to pay at least £1,000 more.

Ian Payne, managing director of PRIcoa Relocation – part of the Prudential Insurance group – which is lobbying to amend the rules, says: "While I appreciate the Revenue's hands are tied, we have a grossly unfair tax anomaly which must be rectified.

"This would remove a fiscal penalty on employees asked to move to or from Scotland which their English counterparts do not have to pay. The lobbying exercise aims to achieve tax parity as soon as possible."

■ *The writer is a partner at City solicitor Elias Freeman.*

Diary of a Private Investor

The wrong policies

*Derivatives can lead to huge losses, says **Kevin Goldstein-Jackson***

I believe strongly in the benefits of insurance, and insurance-linked savings and pension schemes. But there are two new threats *which may affect the value of* my policies and those of millions of others.

Since July 1, UK insurance companies have been allowed, in calculating their assets, to *include the value of their holdings* in derivatives. This might well encourage them to take a much greater part in the highly speculative and volatile markets for options, swaps and futures.

Although derivatives can be useful for efficient portfolio management, the question is whether some insurers' relative lack of experience in this area could lead them into loss-making contracts.

It is fairly easy to make huge losses on derivatives.

Metallgesellschaft, for example, lost well over $1bn from oil derivatives, while Procter & Gamble lost $157m on leveraged currency swaps.

Perhaps of more interest to pension and life assurance investors is the fact that a number of US pension funds have lost big sums on derivatives. *Several* have dropped more than $20m each.

A few years ago, I forecast in the *FT* that some people with endowment mortgages might have to increase their insurance premiums or face the possibility that, when their policies matured, the proceeds would be insufficient to repay the mortgage. This has proved true, with a number of companies warning of possible shortfalls because of lower investment returns.

Imagine how much greater the shortfalls might be if some companies, as well as making unfortunate share and property selections, also invest in derivatives which produce losses!

The second new threat is from the government, which is considering "whether the favourable tax treatment of dividends paid to pension funds encourages companies to pay larger dividends than they might under a neutral tax regime".

This leads to one particularly pertinent question. If companies did pay less in dividends, would they really use the money saved to fund more research and development – or *would they, instead,* make over-generous and inappropriate take-over bids for other companies, and reward senior executives with even greater salaries and perks?

If the government does make changes that affect adversely the level of dividend payments, what effect will this have on insurance companies' performance if they can no longer rely on a regular stream of good dividend income?

When the chancellor unveils his Budget this month, I believe that if he wants to encourage British industry and ensure parity between pension funds and ordinary investors, he ought to give private investors the same tax breaks as the government gives to institutions, rather than tampering with existing tax reliefs.

People should be encouraged to create and manage their own personal pension fund, rather than having to invest through an institution.

Not so many years ago, everyone's tax return had a section labelled "chargeable assets acquired" into which people had to list all their shares. The government should re-introduce such a section, but label it "pension assets acquired".

People should use this to list shares and other assets, up to a specified level each year – say, a quarter or half of their average annual income. The dividends and capital gains from such assets would be given tax-free treatment so long as the assets were used eventually to provide the individual with a pension.

Such personal schemes would increase greatly the percentage of shares held directly by individuals, rather than institutions. People also would save the cost of fees to pension fund managers and would have complete control over their pension assets.

They would know exactly what they had invested in whereas, with existing institutionalised schemes, they have little idea – perhaps until too late – of what the fund manager has done with their money. They could also, if they wished, avoid derivatives.

It is also worth reminding the government – and the opposition – that it is individual private investors who are more likely to support long-term actions by companies.

And, with a few notable exceptions, it is private investors rather than institutions who are vociferous in condemning directors who get huge pay-offs for poor performance and/or undeserved salary increases.

If the balance of shareholder power was swung back in favour of private investors, perhaps there might be less need to worry about "corporate governance". After all, a majority of private investors is much more likely to boot out a "bad" director.

Thus, two new threats could be turned into something positive instead.

FINANCE AND THE FAMILY

Daughter's sorry tale

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

My daughter foolishly let a business associate (now under police investigation for fraud and deception) know the number and PIN of her Barclaycard. Large sums then were debited to her account by him. Her initial credit limit was £3,000 but now she is being chased by Barclaycard for £25,000. Can she refuse to pay beyond the agreed limit?

■ When applying for a Barclaycard, one contracts specifically not to reveal its details to anyone else. Undoubtedly, Barclaycard will rely on the contributory negligence of your daughter to pursue her for the debt.

This sorry tale obviously is very complicated. We suggest you contact a solicitor to explore your daughter's situation in detail. The Consumers Association (at 2 Marylebone Road, London NW1 4DF, tel: 071-486 5544) might be able to steer you in the direction of an appropriate lawyer. *(Murray Johnstone Personal Asset Management).*

Turning to time-share

Eight years ago, I bought a freehold house in France. I now wish to convert it into a time-share, with six individuals each taking one-sixth of the property for £10,000 each. Should the legalities be arranged in Britain or France? And what exactly are the tax implications?

■ France. After all, it was in that country's alpine resorts that time-share began in the 1960s, so a French property lawyer should be able to guide you.

We assume you are a UK resident; thus, capital gains liabilities may arise in the transfer to the time-share company. The Inland Revenue publications department at Somerset House, London WC2 (tel: 071-438 6420) will be able to supply you with an appropriate booklet. *(Murray Johnstone).*

Tax demand is negligent

My daughter has been renting her furnished house in the UK while she is living in Australia. She did not work either in the UK or Australia during the tax year April 1993 to April 1994 and did not leave Australia during that year.

The rent from the UK house is her only income for that year, but the Inland Revenue has refused to allow her the UK single personal tax allowances for this year.

■ As a non-resident Commonwealth citizen, she is entitled to a full personal allowance by virtue of section 278(2)(a) of the Income and Corporation Taxes Act 1988.

Write to the District Inspector, marking both your letter and the envelope "For the attention of the District Inspector": you will probably find the inspector's name printed on the tax office's letterhead. He will be grateful to you for drawing his attention to this example of maladministration.

He will also ensure that:

1. Appropriate adjustments are made to the case VI assessments for 1993-94 and 1994-95.

2. Compensation is paid to your daughter for the consequences of the officer's negligent tax demand for 1993-94.

3. All other assessments and repayment claims dealt with by the officer in question are checked by a competent colleague, since it is unlikely that your daughter is the only person who has been over-charged unlawfully.

Advice to parents

I have been helping my parents invest their offshore savings in such areas as equities, bonds and currencies although I have not been handling the funds or receiving any direct compensation for advice. Am I subject to regulation over this? And what if I started managing offshore funds for other members of my family but did get compensation for my efforts?

■ Because you are not remunerated in any way and are simply advising members of your family, we do not believe that regulatory requirements apply to your situation. But it is essential that you do not offer financial advice to members of the public, whether for reward or not. *(Murray Johnstone).*

Mother won't open account

My elderly mother has never had a bank account and insists she does not want one, so I have cashed cheques for her through my own bank account. But with the increase in "account payee only" cheques, this is becoming increasingly difficult.

I have heard there are agencies which cash cheques for individuals for a small percentage fee. Would this be an option?

■ The recent legislation reforming cheque law is aimed at narrowing the possibility of cheque fraud. Thus, "account payee only" cheques are omnipresent and your mother will have no alternative but to open an account. But this is not intimidating and any one of the clearers should be able to help. *(Murray Johnstone).*

NEW INVESTMENT TRUST LAUNCHES

Manager (Telephone)	Broker	Sector	Warrants	Targets: Size £m	Targets: Yield %	PEP Qual?	Savings Scheme	Issue Price p	Minimum NAV p	Outside PEP: Minimum Invst. £	Outside PEP: Annual Charge %	Inside PEP: Minimum Invst. £	Inside PEP: Annual Charge %	Offer Period
■ **Fidelity Special Values**														
Fidelity (0800 414161)	S.G. Warburg	UK Growth	1:5	30+	n/a	Yes	Yes	100p	95.5p	£1,000	0.95	n/a	n/a	19/10/94-9/11/94
New twin for Fidelity's Special Situations unit trust, run by Anthony Bolton														
■ **Fleming Natural Resources**														
Fleming (071 382 8989)	Cazenove	Commodity & Energy	1:5	25+	n/a	No	Yes	100p	96p	£2,000	0.9	n/a	n/a	1/11/94-23/11/94
Trust will invest in commodity and energy companies worldwide. Short life of 2½-5 years.														
■ **Foreign & Colonial Emerging Markets**														
Foreign & Colonial (071 628 8000)	Credit Lyonnais Laing	Emerging Mkts	1:5	100	n/a	No	Yes	100p	95.5p	£2,000	1.5%	n/a	n/a	26/10/94-14/11/94
C-share issue from established emerging markets trust, ranked second in its sector over three years														
■ **Murray Emerging Economies**														
Murray Johnstone (0345 222 229)	De Zoete & Bevan	Emerging Mkts	1:5	20m+	n/a	No	Yes	100p	95.5	£1,000	1.25%	n/a	n/a	9/11/94-29/11/94
Investing in real emerging markets - India, China, Brazil, Hungary etc - not "gateways" like Hong Kong or Vienna														

NEW UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Yield %	Full PEP Qual	Savings Schemes Avail.	Charges outside PEP: Initial %	Charges outside PEP: Annual %	Charges outside PEP: Other %	Minimum Invst. £	Charges inside PEP: Initial %	Charges inside PEP: Annual %	Charges inside PEP: Other %	Minimum Invst. £	Special offer: Discount %	Special offer: Period
■ **Perpetual Latin America Growth Fund**														
Perpetual (0491 417221)	International Growth	0	No	Yes	5.25	1.5	No	£1,000	n/a	n/a	n/a	n/a	*	5/11/94-18/11/94
Launched to fill a hole in Perpetual's product range, this will join four other Perpetual funds in the sector, which have predominently top quartile performance														

*2 per cent point bonus during launch period

Borrow at your peril...

The wrong current account can be expensive, says a report in the latest *Which?*, magazine of the Consumers' Association (CA). A £300 overdraft over three months would cost £61 with the Clydesdale Bank - but less than £7 with the Alliance & Leicester or Woolwich building societies.

Overdraft charges on bank accounts often are expressed as fixed fees rather than percentages. If you overdraw by just a small amount, though, a fixed fee of £50 or so can translate into an astronomical annual percentage rate (APR).

Which? suggests switching to one of the current accounts that charge no fees when you overdraw by agreement: Abbey National, Alliance & Leicester, First Direct (up to £250), Halifax, Nationwide and Woolwich.

Credit cards are a cheaper way to borrow larger amounts or for more than a few days - but make sure you have the right one. Those issued by the high street banks are not usually the best value, with interest rates typically between 21 and 24 per cent.

Save & Prosper is increasing the interest rate on its Visa and Mastercards from 0.95 per cent a month (APR 13.9) to 1 per cent (APR 14.6) from December 1, but they are still some of the better-value cards around.

Other credit cards with APRs under 20 per cent include Bank of Cyprus, Coutts, the GM Card, Leeds Permanent, MBNA, N&P, and Royal Bank of Scotland.

If you do not borrow regularly, avoid cards with annual fees as well as the Royal Bank of Scotland, which charges interest from the date of purchase even if you clear the balance in full. Fee-free cards like the GM Card, MBNA and N&P are best for occasional borrowers.

Bethan Hutton

HIGHEST RATES FOR YOUR MONEY

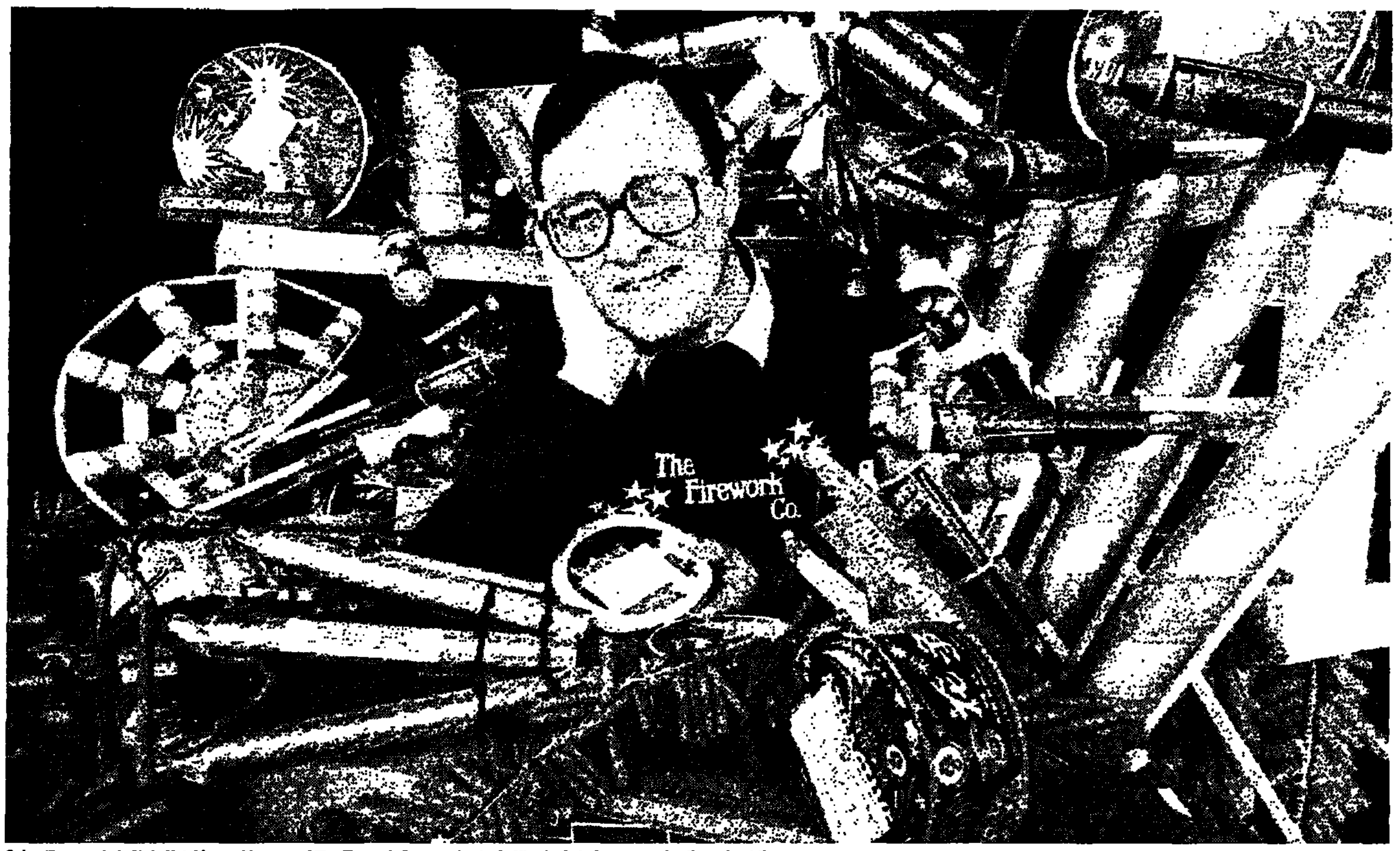
	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Confederation Bank	Liquidity	0438 744500	Instant	£100	5.25%	Yly
Manchester BS	Money-by-Mail	061 839 5545	Postal	£1,000	6.00%	Yly
Skipton BS	3 High Street	0756 700511	Instant	£2,000	6.10%	Yly
Northern Rock BS	Go Direct	0500 505000	Instant	£20,000	6.65%	Yly
NOTICE A/cs and BONDS						
Northern Rock BS	Postal 60	0500 505000	60 Day P	£10,000	6.75%	Yly
National Counties BS	90 Day	0372 742211	90 day	£50,000	7.25%	Yly
Halifax BS	Special Reserve	0422 333333	1 Yr Bnd	£10,000	7.35%	OM
Chelsea BS	Two Year Fixed	0800 272505	31.11.96	£5,000	8.35%F	Yly
MONTHLY INTEREST						
Britannia BS	Capital Trust	0538 391741	Postal	£2,000	5.70%	Mly
Confederation Bank	Monthly Income	0438 744500	30 Day	£2,000	6.25%	Mly
Northern Rock BS	Postal 60	0500 505000	60 Day	£10,000	6.55%	Mly
Chelsea BS	Four Year Fixed	0800 272505	31.12.98	£10,000	6.65%F	Mly
TESSAs (Tax Free)						
Confederation Bank		0438 744500	5 Year	£8,900	9.00%F	Yly
Market Harborough BS		0858-463244	5 Year	£9,000	7.60%	Yly
Hinkley & Rugby BS		0455 251234	5 Year	£3,000A	7.50%	Yly
Holmesdale BS		0737 245716	5 Year	£1	7.40%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Woolwich BS	Current	0800 400900	Instant	£500	3.70%	Yly
Halifax BS	Asset Reserve	0422 335333	Instant	£5,000	4.85%	Qly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.35%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	International	0481 715735	Instant	£500	5.75%	Yly
Confederation Bank Jersey	Flexible Inv	0534 608060	60 Day	£10,000	6.30%	½Yly
Derbyshire (IOM) Ltd	Ninety Day	0624 663432	90 Day	£10,000	6.55%	Yly
Portman CI Ltd	Fixed Rate Bnd	0481 322747	3 Yr Bnd	£10,000	8.25%F	Yly
GUARANTEED INCOME BONDS (Net)						
AIG Life		081 680 7172	1 Year	£15,000	5.70%F	Yly
AIG Life		081 680 7172	2 Year	£15,000	6.45%F	Yly
Save & Prosper Group		0800 282101	3 Year	£5,000	7.00%F	Yly
General Portfolio		0279 462839	4 Year	£10,000	6.80%F	Yly
Eurolife		071 454 0105	5 Year	£10,000	8.00%F	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%G	Yly
	Income Bonds		3 Month	£2,000	6.50%H	Mly
	Capital Bonds I		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.40%FI	Yly
	Pensioners GIB 2		5 Year	£500	7.50%F	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	42nd Issue		5 Year	£100	5.85%F	OM
	8th Index Linked		5 Year	£100	3.00%F +Infln	OM
	Childrens Bond G		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. P= By Post only. A= Feeder account required. G= 5.75 per cent on £500; 6 per cent on £25,000 and above. H= 6.75 per cent on £25,000 and above. I= 6.80 per cent on £20,000 and above. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain an introductory copy by phoning 0692 500665. Figures compiled on: 3 November 1994

MINDING YOUR OWN BUSINESS

This is the night that sales explode

Clive Fewins visits a company which is enjoying its annual seasonal boom – it sells firework displays



Going like a rocket: Chris Hutchison with some of The Firework Company's stock. His aim is to increase sales throughout the year Somerset News

Chris Hutchison was born at 8pm on November 4, 1955. "If I had been born four hours later my parents tell me they would have called me Guy," he said. "I have a feeling that would have totally altered my destiny. I do not think I could be taken seriously if I was called Guy."

Hutchison is managing director of The Firework Company, a 10-man operation based in an 800 sq ft mill outbuilding in the village of Uffculme, Devon. He says: "In a game in which there are about 18 players we rank ourselves in the top half dozen serious suppliers."

You will not see fireworks made by Hutchison's company on sale in the high street. In fact, in common with the majority of its competitors, it does not manufacture.

"More than 60 per cent of our fireworks come from China – only about 10 per cent are UK-made – and they are nearly all designed for large displays." Hutchison said. "Our business is selling display packs to groups to fire themselves, and creating what we call operator-fired displays that we mount for customers."

Hutchison was a deputy store manager with Marks and Spencer, but left at 25 because he feared he was becoming institutionalised. The desire to run his own business found him first in control of a car valeting business in north London, with his wife, Peggy.

"It was a successful business but after six years I woke up one morning and decided I was not having any fun," he said. Peggy agreed. She was even more amenable when they decided they were going to return to their Devonian roots. The fireworks came later.

"Basically I felt that firework companies were putting explosives in the hands of the public *but not taking their responsibilities* seriously," Hutchison said. "When I rang round the companies I was appalled at the lack of service and attention they provided.

"Perhaps it was my M&S training in customer care, but I felt I could do better.

"I also felt there was potential in expanding the market throughout the year. Nearly three quarters of all the goods we sell go up in smoke in the few days around November 5. That leaves plenty of scope for the rest of the year."

Hutchison set up The Firework Company with £1,000 in 1988. In just over six years he has raised turnover from £70,000 to £550,000. The company mounts operator-fired displays costing from £1,000 to £20,000 – they are doing 16 tonight – for customers ranging from local councils to charitable organisations and large corporate bodies.

For what he calls "DIY" displays – for organisations with more modest budgets who fire the display themselves – Hutchison supplies packs costing from £50 to £1,400.

This autumn the company was runner-up in an international firework display competition in Macau. "Nobody likes not winning but in our business it was like coming second in the Eurovision Song Contest when you are a song writer," he said.

"Although we are at full stretch and have to hire temporary staff to assist us, nights like tonight give me a great buzz. I wish I could visit all our displays," Hutchison said. As a child he was no more interested in fireworks than any other lad. But how he is a committed enthusiast with a "passion for fireworks".

"Our products bring pleasure to about half a million people a year," he said. "Big displays of the type we are capable of mounting really get the adrenalin going. There is something basic in all of us that responds *to fire. Professionally my pref*erence is to join the spectators. That way I can pick up the vibes. I am a great believer in selling the feeling, and I can only do that if I can really absorb the experience as one of the crowd.

"Peggy and I started with £1,000 and we have grown The Firework Co out of our customers' money," he said. "Our initial trading pattern was to find the customer, take the money with the order and then buy the fireworks. This way we *have spun a pyrotechnic* web out of very little."

Now the company is bigger he increasingly finds himself having to buy fireworks from China and several European countries well in advance of the orders for the explosively busy month of November.

This has led to what he calls "a certain retraining" of his bank manager.

"Life has not been all roses with the NatWest, partly because the company owns no premises and quite a bit of our *borrowing is unsecured*," he said. "We run on a £50,000 overdraft facility and have a £10,000 long-term loan."

Stock peaks at around £300,000 retail value in October, when the 15 tonnes of fireworks a year the company imports begin to move out from their warehouse. "In January the figure is nearer £10,000," Hutchison said. "During the period in between we have huge cash flow pressures, despite our policy of always demanding payment before we despatch goods."

In the UK it makes sense for the company to diversify into non-November sales. Hutchison wants to develop the New Year's Eve market. "In the rest of Europe December 31 is a very big," he said. "There is no reason why it should not be the same here."

The other big event in his sights is the millennium. Hutchison also hopes he will be able to capitalise on the kudos gained in Macau by increasing overseas sales, especially to the Middle East.

"If we could hit the French Bastille Day peak on July 14 it would help our cash flow enormously," he said.

"So far we have been on a get-rich-slow path, but exports will unlock the door," Hutchison said. "Last year we made a £10,000 loss on a £500,000 turnover. This year we are hoping to return to profit.

In spring 1993 Hutchison sold a total of 17 per cent of the company to five acquaintances to raise cash for the company. "What we could do with now is an inward investment from a business angel or loan guarantee scheme.

"It would help us to buy in a more efficient way – which often means earlier – and also to buy better. It would also help dilute my summer shackles ..."

■ *The Firework Co, Shine House, High Street, Uffculme, Devon EX15 3AB. 0884-840504.*

■ The Magellan file management package reviewed last week is available for £25 plus VAT from Morgan Computers, tel: 071-255 2115 or 021-456 5565

INVITATION FOR THE HIGHEST BID
FOR THE PURCHASE OF THE GROUPS OF ASSETS OF
"METALLURGIKI HALYPS SA, OF ATHENS, GREECE

ETHNIKI KEPHALEOU S.A., Administration of Assets and Liabilities, of 1 Skoulenion Str., Athens, Greece, in its capacity as Liquidator of METALLURGIKI HALYPS S.A, a company with its registered office in Athens, Greece, (the Company), presently under special liquidation according to the provisions of Article 46a of Law 1892/1990, (as supplemented by article 14 of Law 2000/1991),

announces a call for tenders

for the purchase of any or all of the groups of assets mentioned below, each one of which is being sold as a single entity.

BRIEF DESCRIPTION

The Company was established in 1972 and was in operation until 1991, when it was declared bankrupt. Its activities included the production of concrete reinforcing iron in rolls and bars. On 10.8.94, the Company was placed under special liquidation according to the provisions of Article 46a of Law 1892/1990, as supplemented by article 14 of Law 2000/1991 and article 53 of Law 2224/94

GROUPS OF ASSETS OFFERED FOR SALE

1. STEEL PRODUCING INDUSTRIAL COMPLEX AT "TSINGELI", IN THE COMMUNITY OF ALMYROS, VOLOS. (1st Auction) This is a steel foundry rolling mill, occupying an area of approx. 575.215 m2, comprising the following buildings:
   a. Rolling Mill approx. 26.670m2
   b. Steel Foundry, approx. 7,600 m2.
   c. *Several auxiliary buildings (offices, storage areas, water processing unit, workshop, weighing areas, underground tanks, auxiliary areas, etc. (The plant's* machinery and mechanical equipment, the company's trade name and any such stock in trade or claims as there may exist are also being offered for sale. It should be noted that port facilities were created to deal with the plant's needs, through the acquisition of special permits granted by the public authorities. The future owner of the plant will have to apply to the relevant public authorities for the renewal of the said permits, allowing the further use of these facilities (which constitute public property.
2. OTHER ASSETS. (2nd Auction) These include the following:
   a. *A 47.425% share of a plot of land covering 7,969.46 m2 and a 50% share of three (3) storage buildings, of 1,500 m2, 1,965 m2, and 100m2 respectively,* standing on it, located in the Local Authority of N. Menemeni, Thessaloniki.
   b. A 47.425% share of a plot of land covering 2,552 m2 and of the storage building standing on it, the surface of which amounts to 1,500 m2 also located in the Local Authority of N. Menemeni, Thessaloniki.
   c. Agricultural plot of land amounting to 12,875 m2 at Simandra, in the Local Authority of N. Mouldania, Chalkidiki.
   d. Agricultural plot of land amounting to 4,312 m2 in the same area as plot (c).

OFFERING MEMORANDUM - FURTHER INFORMATION:

Interested parties may obtain the Offering Memoranda in respect of the Company and its assets thereof upon signing a Confidentiality Agreement.

TERMS AND CONDITIONS OF THE AUCTIONS

1. The Auctions shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and conditions of Sale" contained in the Offering Memoranda. Such provisions and other terms and conditions shall apply irrespectively of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
2. Binding Offers: Interested parties are hereby invited to submit binding offers not later than Monday, 5th of December 1994 at 12.00 hours to the Athens Notary Public Mr. Evangelos Dracopoulos, address 19, Voucourestiou Str., Athens 106 71, tel: +30 1 361 57 32, fax: +30 1 362 11.11. In order to bid for both of the above groups of assets, one should submit two separate offers. Offers should expressly state the offered price and the detailed terms of payment (in cash or instalments, mentioning the number of instalments, the dates thereof and the proposed annual rate of interest if any). In the event of not specifying a) the way of payment, b) whether the instalments bear interest and c) the interest rate, then it shall be deemed that (a) the offered price is payable immediately in cash, (b) the instalments shall bear no interest and (c) the interest rate shall be the legal rate in force. Binding offers submitted later than the above date shall neither be accepted nor be considered. *The offers shall be binding until the adjudication.* Submission of offers in favour of third parties to be appointed at a later stage shall be accepted under the condition that express mention is made in this respect upon submission and that the offerer shall give a personal guarantee in favour of such third party.
3. Letter of Guarantee: Binding offers must be accompanied by a Letter of Guarantee, issued, in accordance with the draft Letter of Guarantee contained in the relevant Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The amounts of the Letters of Guarantee must be as follows: (a) for the Steel Producing Industrial Complex at Tsingeli (1st Auction): Drs. FOUR HUNDRED MILLION (400,000,000.) and (b) for the Other Assets (2nd Auction) Drs. THIRTY MILLION (30,000,000). Letters of Guarantee shall be returned after the adjudication. In the event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 hereof, the Letters of Guarantee shall be forfeited as a penalty.
4. Submissions. Binding offers together with the Letters of Guarantee shall be submitted in sealed envelopes, Submissions shall be made in person or through a duly authorised agent.
5. Envelopes containing the binding offers shall be unsealed (successively as mentioned above, i.e. 1st Auction, 2nd Auction) by the above mentioned Notary Public in his office, on Monday, 5th December 1994, at 14.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
6. As the highest bidder shall be considered the participant, whose offer will be judged, by creditors, representing over 51% of the total claims against the Company ("the Creditors"), in their discretion, upon suggestion of the Liquidator, to be in the best interests of all of the creditors of the Company. For the purposes of evaluating an offer to be paid by instalments, the present value thereof shall be taken into account, which shall be calculated on the basis of an annual discount interest rate of 22% compounded yearly.
7. The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of the sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon the execution of the contract of sale.
8. All costs and expenses of any nature in respect of the participation and the transfer of assets offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
9. The Liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auctions or any decision whatsoever in connection with the proceedings of the Auctions. The Liquidator and the notary shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for the adjudication nor the participants shall acquire any right, power or claim from this invitation and/or their participation in the Auctions against the Liquidator and/or the Creditors for any reason whatsoever.
10. This invitation has been drafted in Greek and translated into English. In any event the Greek version shall prevail.

ANNOUNCEMENT BY A THIRD PARTY

The Privileged Company of General Warehouses S.A. (P.C.G.W.) has asked the Liquidator through an extrajudicial statement to include in the present invitation the following declaration:

" The immovable property to be auctioned had been recognised in its entirety (all housed and open spaces) since the year 1979 to be in the Annex of P.C.G.W assimilated to a Central Warehouse by art. 15D.3077/54 and it is therefore subject to the exclusive "key-in-hand administration of P.C.G.W., which has the unrestricted right, free of participation, for the needs of the administration of all the merchandise delivered and warehoused by the Metallurgiki Halyps SA into this Private Annex, whether securitised or not, and the functioning of this Private Annex will be continued until the end of the administration of such merchandise, which nowadays consist on the one hand of the existing interior or "Koutouki" scrap (subject in their entirety as they are and hold to the Administration of P.C.G.W., through the express judicial consent of the representatives of Metallourgiki Halyps S.A.) and of the other hand, of the quantity of billets sold, which still remains in the furnace of the factory, not having been delivered due to inability to extract it from there due to a lack of electricity".

Ethniki Kephaleou will be handing to prospective buyers a copy of the above mentioned extrajudicial statement of P.C.G.W. and will be furnishing information concerning the course of the matter

In order to obtain the Offering Memoranda and any further information please apply to the Liquidator "Ethniki Kephaleou SA, Administration of Assets and Liabilities",1, Skoulenion Str. Athens 10561, Greece, Tel +30 1 323 14 84 - 7 fax +30 1 321.97.05 (attention Mrs. Marika Frangakis).-

TRAVEL

Across a landscape carved by elephants

***Michael J. Woods** follows in the footsteps of the big game in Zimbabwe*

Leaves, golden brown and crisp as crackers, crunched underfoot. A squirrel skipped through the long cream grasses with quick bounds and a deer passed between the tall trees in front of us, one foreleg raised uncertainly. But there was no sound of traffic, no horse riders passed us in the early morning light and, much as it might have looked like it, this was no Surrey woodland. For the squirrel was a mopane squirrel, the deer a bush buck and the wood was part of Mana Pools National Park on the banks of the Zambezi in Zimbabwe.

It was the beginning of day two of our three day safari, walking from one mobile camp to the next through the Park. We followed the Zambezi downstream, rarely straying from the river terraces where the rich soil nurtured tall trees. Dark-leaved ebonies grew on termite mounds, their yellow spring flowers rich with scent. The sumptuous, deep red velvet upholstery blooms of the sausage trees had just finished and were scattered blousily on the ground around the trunks. Among these were other trees, tamarinds and feathery, apple-ring acacias laden with seed pods. Nearby were the over-arching, elephant-sculpted pillars of cathedral mopane.

Browsers keep the leaves neatly clipped so that there are long views under the tree canopy to a distant thin blue haze. Across this moved silhouettes of dancing impala, disdainful kudu, scruffy buffalo and stately elephants in a mist of grey dust. Our pace was gentle and our course erratic. Occasionally we had to cross depressions which hold temporary water and grow a dense crop of adrenalin grass. This is where old buffalo rest and lion lie up during the day, hence the name and the need for caution.

But I had already seen lion on my only game drive during nine days in the African bush, from the airstrip to the start of the walk. We spotted them from the truck and, as my guide, Garth Thompson, explained, park rules forbad us to drive any closer. "But never mind," he said, "In Mana Pools we are allowed to walk." And so, less than 15 hours after leaving London, I found myself walking towards a pair of lions. I was back in Africa.

As soon as we stepped clear of the vehicle, the male roused from lethargy to needle-sharp alertness. "Watch his tail," said Garth and I studied it intently. As we drew closer it began to twitch and wave with the increasing tension of the cat. Finally we settled down against a tree and the lion relaxed as his mate, lolling on her back, coyly rolled over and licked his face.

Although this was to be my only sighting, we regularly heard lion in Mana for they were part of the myriad of night sounds that lulled us to sleep in our tents, pitched in a number of spectacular spots overlooking the river. Their coughing roars were joined by the whoops of hyaenas and the occasional bark and scream of an argumentative baboon. On the marshes in front of the camp hippos moved squelchily, fat black silhouettes against a rising orange moon and the distant silver strip of the river running beneath the mountains of Zambia. Now and then they gave hollow laughs, a deep sound which contrasted with the high pitched bell-like calls of the frogs and the repetitive soft "prrrp" of a scops owl.

Just as dramatic as Garth Thompson's camp sites was the location of Chizarira Wilderness Lodge. It is situated in a concession on the edge of little known Chizarira National Park and on the edge describes it precisely, for it is on the very lip of the escarpment and each room has a wooden balcony suspended over the abyss. Chizarira is a mountainous park whose porous sandstone yields water through a number of perennial springs. These ensure that the bird life is excellent but that the game is more scattered as there is little need to congregate at scarce water points.

Led by Steve Alexander, I walked from spring to green spring, strolling through dry valleys of golden grass and climbing slopes along terraced elephant paths. One led to a gap in the sandstone rocks which looked impossibly narrow. It would be difficult enough for a horse to pass through let alone an elephant. Yet the age-old elephant path led over the great warm bed-rock slabs towards the low cliff and through the mere slit of a cleft. Rough elephant hides had deposited a skim of dust and mud on the coarse stone walls on either side as the animals squeezed through the narrow gap and then followed the winding trail down the hill to the spring.

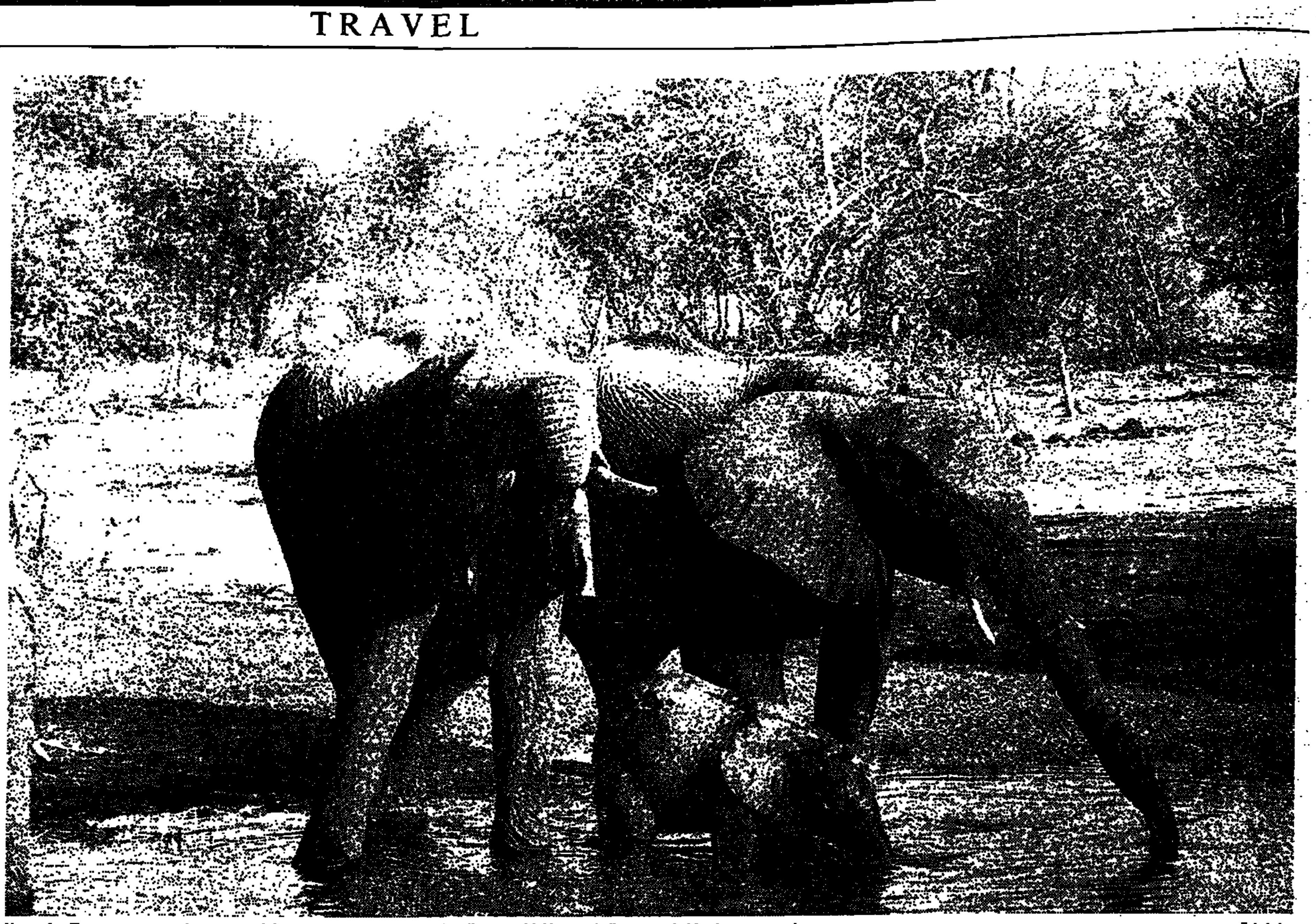
Generations of elephant feet, padding in exactly the same places every time, had carved plate-sized footprints in the sandstone leaving a series of worn steps. In the late afternoon, with the sun dipping towards the horizon, the primeval hills of Chizarira had the atmosphere of an old monastery where daily processions of monks had, over centuries, worn prints in the steps leading to their cloisters.

It is difficult to feel equally reverential about game viewing from a speedboat. This creates a carefree atmosphere as it whisks you across the waters of Lake Kariba from Musango Camp to a suitable walking spot in Matusadona National Park. But tracking black rhino in jesse bush, a dense curtain of scrubby vegetation which can hide an elephant in a few yards, demands a certain sobriety and not a little caution. We found spoor and droppings but none of the animals which, because of poaching, are extremely scarce.

Nevertheless game viewing from a boat has its attractions. Many mammals seem much less concerned by people in front of them when they are drinking and allow remarkably close approaches. And occasionally you find a bird which is astonishingly confident. A tiny malachite kingfisher provided us with a perfect show one afternoon. We drifted towards its perch until we were almost touching the branch and watched it dive repeatedly, its iridescent blue and bright chestnut form plunging into the water after small fish and then flying free again.

The sun was already low as we started back and within minutes its fiery orange ball had slipped beneath the waters of the lake. At once the colour was gone and we raced home over an absolutely still lake through warm evening air full of scents and soft to the touch. Africa at its most gentle.

■ *Michael Woods' walking safari in Zimbabwe was compiled and arranged by Cazenove and Lloyd Safaris, Unit 1, 39 Tadema Road, London SW10 0PY; tel: 071-376 3746; fax: 071-376 5237. He stayed at Chizarira Wilderness Safari Lodge in Chizarira National Park, Musango Safari Camp on Lake Kariba and walked through Mana Pools National Park with Natureways Wilderness Trails.*



Happy families: many mammals seem much less concerned by people when they are drinking, and allow remarkably close approaches

Tony Andrews

A sharp eye on the clouds

***Kate Bevan** visits Santa Barbara and its wine-producing hinterland*

Rain is usually welcome in the California desert. But not today. The clouds hanging over the Santa Ynez mountains north of Los Angeles posed a threat. For this was the day the Chardonnay grapes were to be picked at the Firestone winery.

This offshoot of the tyre and rubber empire sits in stark countryside. The Santa Ynez Valley is home to more than 30 wineries, and the winemakers there claim that their grapes are so good that established wineries from the Napa Valley, north of San Francisco, buy their grapes from Santa Ynez.

Once a thriving wine region, it was virtually killed off by prohibition. It did not pick up again until the 1970s when growers such as the Firestones moved into the valley.

The hills and valley are graced by nothing more than scrubby dull green vegetation. But in spite of the harshness of the landscape the region is well suited to viticulture.

At the Firestone winery, Hayley Firestone Jessup was keeping a sharp eye on the clouds. There had been a "storm" – more like a shower to anyone used to regular rain – the night before and any more rain would seriously damage the crop.

Earlier she had guided us through a tasting of some of the vineyard's produce: we sniffed as we swirled, pulled faces as the wine swilled over our palates and then religiously spat out the liquid before moving on to the next one. With our newly acquired knowledge we all looked sagely at the sky as we left and were relieved that the rain held off.

The valley is less than an hour by road from Santa Barbara, an upmarket resort town 90 miles north of Los Angeles.

Reaching Santa Barbara after the hot dusty drive up the coast from LA is like finding an oasis. The lush palm trees and intensely green grass running down to the Pacific are a sudden contrast after the uniform ochre and tan colours of the dull industrial towns such as Oxnard which sprawl alongside the coastal highway.

Money has created the oasis here – Santa Barbara is a popular weekend getaway for city dwellers and the scent of money around the pools of the pricey hotels competes only with the scent of sun-tan oil and expensive perfume.

The town has come a long way from its beginnings. Initially named by a monk aboard the ship of Sebastian Vizcaíno, a Spanish explorer, when the coast was sighted on the feast of Santa Barbara on December 4 1602, it was founded – like so many of California's towns – as a mission.

The town now boasts attractive pseudo-Spanish architecture that is quite engaging until you realise that most of it is post-1925, when an earthquake devastated the town. One of the few buildings to survive the earthquake is the attractive mission, further up the hill, dedicated in 1820 and known as the "Queen of the Missions", where visitors can take a tour of the restored church and outbuildings.

Building since the earthquake has been strictly regulated and anything taller than a couple of storeys is likely to be pre-1920s. But at least there is uniformity in the ersatz style: red-tiled roofs and sun-washed buildings are always attractive, even if they do contain expensive boutiques and restaurants.

Santa Barbara is also blessed with a wonderful beach, one of the few to run east-west in California as it is tucked into a corner of coastline.

It would be easy to get hooked and spend the rest of your days loafing on the beach and drinking the local wines. But just as I was getting carried away with the fantasy, I noted the kind of people who could afford to live there – ex-president Ronald Reagan and pop star Michael Jackson have houses in Santa Barbara. Then I looked at my wallet – and headed back to reality.

■ *Kate Bevan travelled to California as a guest of Continental Airlines and Four Seasons/Regent Hotels. Continental Airlines flies daily from London Gatwick to Los Angeles. Reservations tel 0293-776464. The Firestone vineyard is open every day from 10am to 4pm, tel (805) 688 3940.*

هكذا من الأصل

TRAVEL

Wednesday, en route
The cafeteria food is awful, the traffic outside on the motorway north of London is bumper to bumper, and my history of the Highland Clearances lacks something of the zingy style required of holiday reading.

A quick sample? "*...the entire population were then compressed into a space of 3,000 acres of the most barren land in the parish, and the remaining 130,000 acres were divided among six sheep farmers...*"

Normally, historical disputes of this sort have me rooting for the underdog. In this case, I feel won over wholeheartedly to the cause of absentee landlordism and sheep.

Londoners should be so lucky as to have 3,000 acres of barren highland at their disposal – if my Scottish historian is looking for real compression, let him try the London Underground on a close summer's day. I am depressed by pawed-over countryside and cities that sprawl, one into another, far over the horizon. The idea that, somewhere on this island, is an area as wild and empty as any in western Europe is reassuring.

I sigh with happy anticipation and abandon my soggy little motorway lunch. Who needs Vegetarian Bake when raw Scottish nature lies just around the corner?

■ Thursday, Thurso
Bring back cruel landlords, bring back mass evictions! Something has gone horribly wrong. In spite of everything the brochures say, the Highlands are swarming with people.

At least, Thurso is. It is the town on the far north coast of Scotland where the ferry leaves for the Orkney islands. Not everyone, it seems, throngs the Mediterranean coasts in summer – at peak season, large numbers of Mediterraneans, seeking relief from the tourist invasion of the south, turn around and invade the north.

Every bed and breakfast on the Orkneys is, consequently, full and the overflow, waiting for a free bed, is jammed into Thurso. I spend this evening in Sandra's Café with hordes of Italians. We all eat pizzas and watch video clips on the satellite channel MTV – hardly the Highland escape I was hoping for. The Orkneys, *molto belle* as they are, deserve a visit at a quieter time of year.

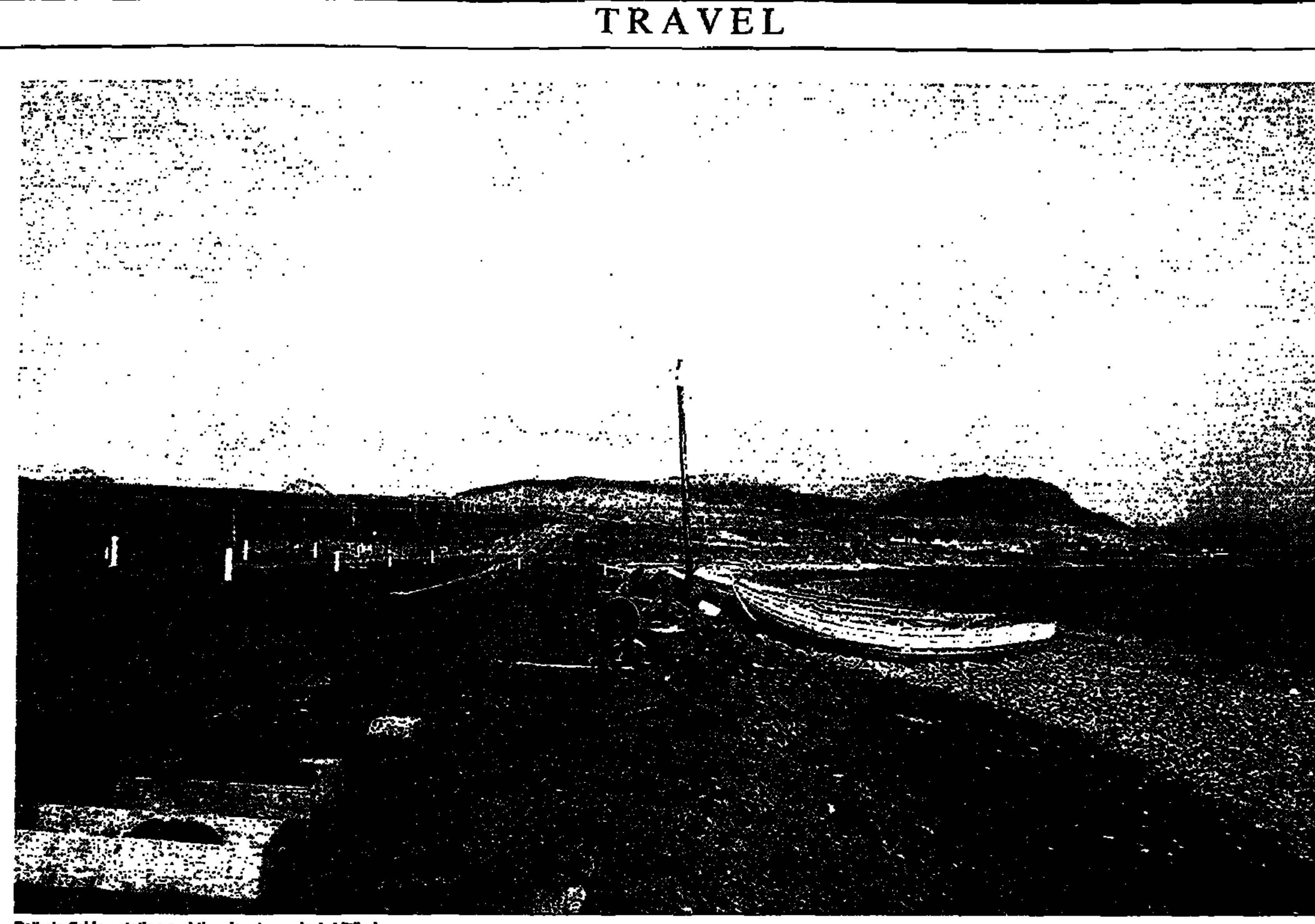
■ Friday, Ullapool
Ullapool is hardly any more peaceful. It is a pretty little town, three hours' drive north of Skye – far enough, I would have thought, to out-run the tour groups that ply the Highlands and Islands' routes. But no: the harbour-side street running along the quiet waters of Loch Broom is packed with tea rooms, souvenir shops and woollen mill outlets doing a roaring trade.

It is not the Italians but the French who seem to have claimed Ullapool as their own. They are voracious shoppers. They snap up boxed presentation sets of single malt miniature bottles; silver-plate Nessie earrings, commemorating the yet-to-be-found monster; shortbread wrapped in Cellophane plaid; dismal videos of hairy men singing *Danny Boy*; and postcards of the what's-under-that-kilt variety. High road, low road, any road in between, few avenues are unexplored by Scottish kitsch.

I have snapped up something, too – an Ordnance Survey map showing, I hope, an escape route away from these Highland horrors. On it, I have circled Achiltibuie, a village sitting on a single-track road on the Coigach peninsula north-west of Ullapool.

My guidebook makes only passing mention of it. It has no Highland games, no castles, no shops selling woollens, no sheepdog trials, no Celtic music festivals, no celebrated golf courses, no stately homes open to the public from 10am to 5pm, no fragrant, peat-smoking distilleries to visit.

It sounds a good bet.



Polbain fishing station and the view towards Achiltibuie

David Williams Picture Library

Clear the Highlands again!

Nicholas Woodsworth heads north in search of Scotland's great deserted wilderness

■ Saturday, Achiltibuie
It is. What surprises as you drive into Achiltibuie is land, sea and sky, and just how much there is of each.

The village, a thread of white-washed stone houses stretched along a rocky shore, hardly impresses itself upon the eye at all. It is nature that everywhere overwhelms – the bald, treeless moor sweeping down from the top of the hills to the edge of the sea; the confused archipelago of the Summer Isles sitting offshore like a great fleet caught in some muddled manoeuvre; fold upon fold of the mountains of Ross receding into infinity across a broad stretch of cold, north Minch water.

What holds it all together in such soothing manner are the soft and muted colours of the Highlands. Forget Harris tweed. Slate greys and kelp greens, beech reds and wrack browns, bilberry blues and heather mauves all combine more subtly in this vast landscape than they do in any jacket.

Repose for the eye is one thing, rest for the tired traveller another. Where to stay in this great uncluttered space? Along the whole Coigach coastline – five little communities spread along 15 miles of water – there are just 300 residents, one pub, and one small hotel.

I pull up at the Summer Isles Hotel in Achiltibuie, drawn by the sound of fiddles and accordions. It is early, the afternoon sun still bright in a calm sky. But, outside the bar, in a little courtyard overlooking the sea, I spy a crowd of drinkers and half a dozen musicians flailing away in a wild storm of jigs and reels.

In the parking lot I meet a tiny, silver-haired woman who tells me she was married here many years ago; today is her anniversary. The wedding was tragic, she laughs; the night before the reception, the fishing fleet sailed in. "They drank the bar dry," she says. "Our tongues were on our knees, but you could'na get a drink for love nor money." She rushes off to the bar to make up for it.

Is this the perennial fear of all those present, their grounds for early and avid tippling? The fleet, one feels, must be just around the point and bearing down hard on Achiltibuie.

There may be cheer and music aplenty at the Summer Isles Hotel today, but there is not a room to be had.

"Try Mrs Campbell," someone suggests, whisky-inspired, giving me a telephone number. Finally, after a dram of this and a call to Mrs Campbell, a dram of that and a call to Mrs Barnes, more drams and more calls to Mrs Mackenzie and Mrs Macleod, I find myself a guest in the bed and breakfast establishment of Mrs Lottie Ross.

There is nothing tweedy about my room, it is bright pink: pink bedspread, pink walls, pink carpet, pink lampshades. I like it, anyway. Outside, dim white puffs of sheep wander in the moonlight and the grey sea swells and surges on the ragged rocks below my window.

Lottie and Jimmy Ross sit me down in front of a fire in their sitting room before they step out to the pub for the evening. "Make yourself at home," they say, showing me the coal scuttle and tea kettle.

I am beginning to realise I am a long way from London. It is not that the Rosses are unaware of the nasty possibilities of leaving a complete stranger alone in their home – before he retired from the police force, Jimmy walked a beat in Glasgow. But things in Achiltibuie simply do not work the way they work elsewhere.

■ Sunday
On Sundays, in fact, most things do not work in Achiltibuie at all. "This is Free Church of Scotland territory," Lottie tells me over a truly magnificent, unstintingly generous, mountainously high-cholesterol fried breakfast. I have been asking about a fishing trip out on the *Hectoria*, the tour and sea-angling boat that leaves from Achiltibuie's little harbour.

"We're still a bit traditional and the *Hectoria* never sails on Sundays, I'm afraid. But we are beginning to move with the times – a few years ago, I couldn't even hang out my laundry to dry on a Sunday."

I have no laundry to hang out. But a vague Sunday morning mood of culpability persists – the product, no doubt, of too many Saturday evening whiskies. I make my way down the seaside road to a white, wooden building on the edge of the village. There is nothing for lingering guilt like a morning service at the Free Church in Achiltibuie.

The Wee Frees, as they are known, get no prizes for interior decoration; their church makes the average anchorite's cell look like a riot of sensual abandon. There is no colour, no ornamentation, no graven image of any kind. There is no organ to give false courage to our singing.

Nor is there even much chance, it seems, of redemption or forgiveness. There is just a stiff, wooden pew and the stern voice of Douglas Gebbie, the Free Church missionary, reminding us of our own awfulness. I suspect it does everyone gathered a power of good.

It certainly does something for me. Stumbling out of the gloom, I emerge into bright sunshine, fresh northern air and a thousand sheep browsing on grass cropped as smooth as a bowling green. I feel exhilarated. Beyond the churchyard lies endless sea and island and mountain, a view that has not changed since creation. Once again, I sigh with happy anticipation. I have arrived in the Highlands.

FT Ski Expedition/**Arnie Wilson**

Snowboarders in a storm

Arnie Wilson and Lucy Dicker are attempting to ski every day of 1994 on a round-the-world expedition. They spent October in Australasia and are now in the US on the last leg of their odyssey.

Facts and Figures

October statistics
Miles skied: 327 (Total since January 1: 2,900)
Vertical feet: 375,325 (Total: 3,276,555)
Vertical miles: 71 (Total: 623)
Miles driven: 2,645 (Total: 28,312)
Miles flown: 7,979 (Total: 87,934)
Mileage (all means of transport): 10,162 (Total: 101,428)

Resorts visited so far: 207. (US: 50; Canada: 13; Austria: 32; France: 24; Switzerland: 28; Italy: 14; Germany: 1; New Zealand: 20; Australia: 12; Japan: 4; India: 1; Chile: 10; Argentina: 6)

Resorts skied in October
New Zealand: Mount Dobson; Fox Peak; Mount Hutt; Mount Cheeseman; Craigieburn Valley; Porter Heights; Rainbow Valley; Mount Lyford; Temple Basin; Whakapapa; Broken River.
US: Mammoth Mountain.

Expedition sponsors
Ski the Summit, Colorado; Hewlett-Packard; Avis; American Airlines; Air New Zealand; Snow+Rock; Fogg Travel Insurance; Lillita; Degré 7; Champagne Mercier; Clarks.

At noon on October 26 we were flying over a volcano in New Zealand. At precisely the same time and date our Air New Zealand 747 was starting its descent into Los Angeles. Such are the miracles of crossing the date-line.

Having skied on so many volcanoes in the southern hemisphere, we thought we should climb to the top of at least one before leaving for Mammoth Mountain in California.

We chose Ruapehu, which, unusually, has a lake in its crater. As we climbed up from Whakapapa's Far West T-Bar, the weather became progressively worse – mist, rain, hail, and, eventually, a white-out.

By the time we reached the lake, we could not see a thing. All that climbing had been in vain. So the following day we hired a light aircraft to get to see what we should have seen the previous day.

One of the highlights of New Zealand was our visit to Queenstown, the base for two of South Island's best-known resorts, Coronet Peak and The Remarkables. But just as we drew up at The Remarkables, the Queenstown constabulary arrived to arrest some Japanese snowboarders. The charge: skiing with children's season tickets.

The Japanese snowboard phenomenon is a very recent one. This is only the first year in which large groups of Japanese have spent the entire winter in New Zealand as ski bums, and according to the authorities they have brought with them a mini crime wave.

After two of them had been grilled about phoney tickets another 20 admitted they had done the same. Said one ski area official: "We want to stamp this out before it spreads."

Recently a local newspaper claimed: "Queenstown's Japanese snowboarding community is at the centre of a glue-sniffing controversy." Another reported a mugging in which the suspect was dressed "like a Japanese snowboarder".

But the Japanese are not the only snowboarders who have made themselves unpopular here. As in Europe, they are viewed as being a mixed blessing. Skiers at Treble Cone resort have complained about the "allegedly dangerous" behaviour of snowboarders and the management is reportedly talking of making the ski-field only available to skiers.

In spite of this, Queenstown is a bustling but charming little lakeside town with exceptional views of the jagged snow-capped Remarkables and Lake Wakatipu, which according to Maori mythology is the only surviving remnant of a giant: a still beating heart which accounts for the regular rise and fall of the deep blue waters.

The sheer Remarkables pinnacles cradle some good bowl skiing, but the best runs are not served by lifts: a long, fairly steep gulley called Scarper (also variously known as Toilet Bowl, Killing Time and Kill An Hour) involves a 25-minute climb from the top of Sugar Bowl Chair; the challenging Elevator and Escalator Chutes require a 20-minute climb; and even the homeward runs involve being picked up way below the ski area base in a kind of cattle truck shuttle.

Coronet Peak, on the other hand, has more lift-served terrain, but apart from the back bowls, little in the way of "out of bounds" skiing.

But the newly-installed Express high-speed quad chair is one of the fastest in the southern hemisphere, hurtling skiers almost 1,500 vertical feet to the top of the mountain in under five minutes.

Those in the business of clocking up altitude can manage as many as 50,000 vertical feet here in a day.

Having such a fast-moving armchair to the slopes was bliss, after several days of struggling in New Zealand's "daunting dozen" club fields. But in the end, we almost had the measure of these basic ski fields enjoyed by hardy skiers who thrive on camaraderie and cheap lift tickets.

We have even purchased as a souvenir one of the dreaded "nut-crackers" – metal devices shaped like large nut-crackers which you fling over the moving rope and hang on to grimly until the top.

This device, which is fixed to a belt round your waist, is seen as a macho device by aficionados, and also serves to scare away wimpish recreational skiers such as Lucy and me, thus leaving the club fields uncrowded.

When this system of uphill transport is combined with a total lack of grooming, it tends to make club fields the domain of the hardy and skilful few. Craigieburn, for example, had some of the most dramatic and exhilarating terrain south of the equator.

But few "ordinary" recreational skiers could get the best out of it. In some club fields, it is difficult to assess which is more exhausting: trying to use the rope tow or trying to ski down in breakable crust.

Craigieburn's neighbour, Broken River had an extra impediment: you have to walk for half an hour or so up a steep path to reach the slopes. Add rain, and the fact that Broken River, was closed when we finally got there, and you have a grim day out.

We eventually got it right at Temple Basin, which the manager, Tony Galvin opened especially for us, complete with our personal ski patroller Alistair Moore (who brought his dad – the only other skier on the mountain).

In spite of a steep hour-long walk to get to the ski field, we managed to master the nutcracker and both snow (entirely ungroomed) and terrain were excellent. At our fifth and final attempt we had become club skiers.

Our hardships were nothing compared with the pioneers who built the fields, often carrying enormous amounts of equipment and building materials up steep mountain tracks. Mount Robert, which has a two-hour walk-in, has just celebrated its 50th anniversary with a book of its history. This includes the following recollections.

"At least 50 per cent of the lodge was carried up Mount Robert on people's backs. The walls became a wonderful home for mice, so we were never lonely. One could lie in the bunk and scrape the solid ice off the bare corrugated iron about six inches from one's face. One hut lasted three months and then completely disappeared in a storm."

Being rather more hedonistic, we preferred hotels to huts.

■ Skiing at Mount Hutt, South Island, Arnie Wilson and Lucy Dicker stayed at the Powder House, Methven. On North Island they stayed at the Skotel, Whakapapa Village. They also stayed at the Lakeland Hotel, Queenstown.

Their visit to New Zealand was arranged by the New Zealand Tourism Office, New Zealand House, 80 Haymarket, London SW1Y 4TQ, tel: 071-973 0360; and Air New Zealand, Elsinore House, 77 Fulham Palace Rd, W6 8JA, tel: 081-846 9595

PERSPECTIVES

The Swiss army goes under the knife

***Ian Rodger** reports on the cuts being made to Switzerland's militia, the role of which has become more social than military*

On a crisp September morning, the Schwägalp in the middle of the Appenzeller uplands looked like any other Swiss Alp, alight with autumn colours and a dusting of snow on the higher peaks. A keen observer might have noticed the absence of cows and ramblers.

Then, suddenly, 50 soldiers pounded over the crest of a hill, dived to the ground and started firing multiple rounds from their automatic rifles into the mountainside 50 yards away.

From their left flank, another score rushed in, heaving grenades towards the same spot. Orders were shouted while officers and other observers stood by with flags, calmly scrutinising the pandemonium for several minutes.

Then, as suddenly as it began, this "attack on an enemy command post" ended, the troops retreated for a few yards and then relaxed and sloped off for a snack and a debriefing in the midday sun.

On a normal day, the young men who make up the 25th grenadier company of the 25th motorised infantry regiment of the Swiss Army would be working as bankers, doctors, lawyers, students, taxi drivers and many other occupations.

But for three weeks every year until they are 32, and less often until they are 50, they are called up for their WK (Wiederholungskurs) refreshment training in Switzerland's 600,000 strong citizen army.

During those periods, depending on their function, they patrol borders, manoeuvre tanks, pilot fighters and helicopters (pilots have to do six weeks training a year) and carry out all the other jobs that need doing in a large modern army.

The training is always rigorous. Soldiers regularly use live ammunition on exercises like that on the Schwägalp.

To an outsider, it all seems a bit silly at first glance. Toys for boys on a heroic scale. The Swiss have not taken up arms against anyone for more than 200 years and the prospect of them doing so in the foreseeable future seems remote. No one has invaded their mountainous country since Napoleon.

Gradually, however, it becomes clear to the visiting resident that the Swiss Army's most important role is not military at all but social.

Many western countries, including France, Germany and Italy, still oblige most or all able-bodied men to do military service. But Switzerland alone has an army composed almost entirely of militia troops.

Men start their military service at age 20 or on completion of their education or apprenticeship with a 17-week basic training course and they are then constantly available for call-up and keep their kit at home until they are dismissed at 50.

By then, they have given nearly a full year of their lives to the army. Those who choose to train to be officers must give much more time: a full colonel will have spent five years in uniform.

As a militia, the Swiss army permits no class distinctions. Bank executives rub shoulders with dustmen, scientists with waiters. Middle managers more and more find themselves giving orders to their civilian bosses, because the bosses no longer have the time to devote to officer training.

The men meet and test each other in severe conditions, bivouacing in a blinding snowstorm on a mountainside, surviving a two-day slog over mountains and through swamps. Strong friendships and enmities are formed and renewed every year.

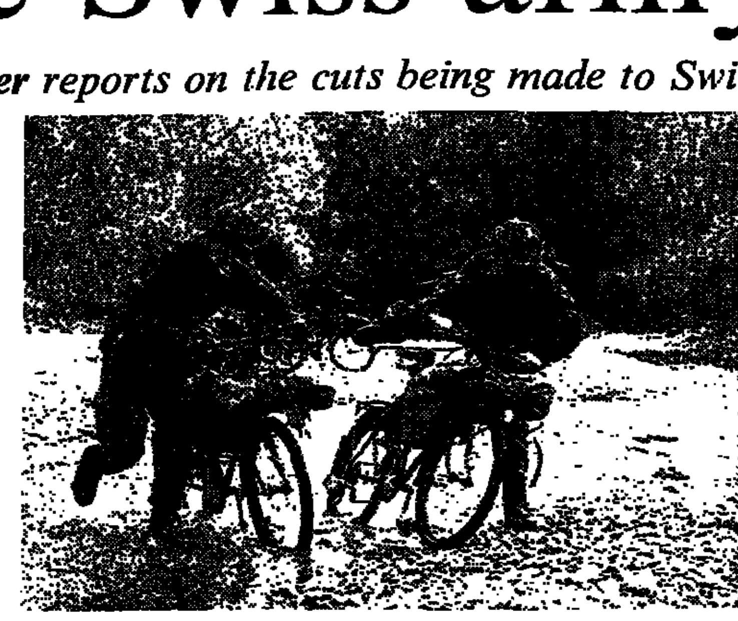
It is at least arguable that one of the reasons that Swiss banks and big Swiss industrial companies have been so successful over the years is the ability of their leaders, thanks in part to army experience and contacts, to avoid egregious mistakes in selecting top managers.

Today, the Swiss army is in the midst of its most important shake-up since 1910, adapting at a stroke to the post-cold war world and the increasing sophistication of military equipment.

Its complement is being slashed by a third to 400,000; more professionals are being engaged; and ordinary citizens will from next year train less and sign off at 42.

While the restructuring has been widely accepted on security grounds, many people fear that the considerable social benefits of the old system will be reduced or lost.

Since the 1815 Council of Vienna imposed armed neutrality on Switzerland, the role of the military has been restricted to defence. Its current structure dates from 1961 and was designed to implement the hedgehog or porcupine strategy developed during the second world war.



Mountain bikes: soldiers on exercises near Thun

Cavalry battalions were disbanded, but there are still horse platoons

The Swiss realised they could not stop an invasion, but they reasoned that an invader's only purpose would be to gain control of the Alpine passes. So they set out a defence strategy that make this virtually impossible.

To this day, railway and road bridges and tunnels are armed with explosives at 2,000 points throughout the country.

This strategy survived the second world war, but not the great technological advances in military hardware that came with it. In 1966, the Swiss announced a more ambitious strategy, to defend the country to its borders using the most modern mechanised and mobile equipment.

The army now has 1,800 armoured vehicles and more than 300 aircraft as well as some of the latest self-propelled artillery and wire-guided anti-tank weapons.

Cavalry battalions were disbanded in 1974, although the army did not give up all the old ways. Its tough bicycle infantry is a modern-day rarity, as are the carrier pigeons, now threatened with demobilisation as an economy measure.

Already in the 1980s, the army was being contested on a variety of fronts. Environmental protection groups objected to the disturbances caused by army exercises. Women, hitherto restricted to auxiliary roles, demanded a chance to enlist as regulars.

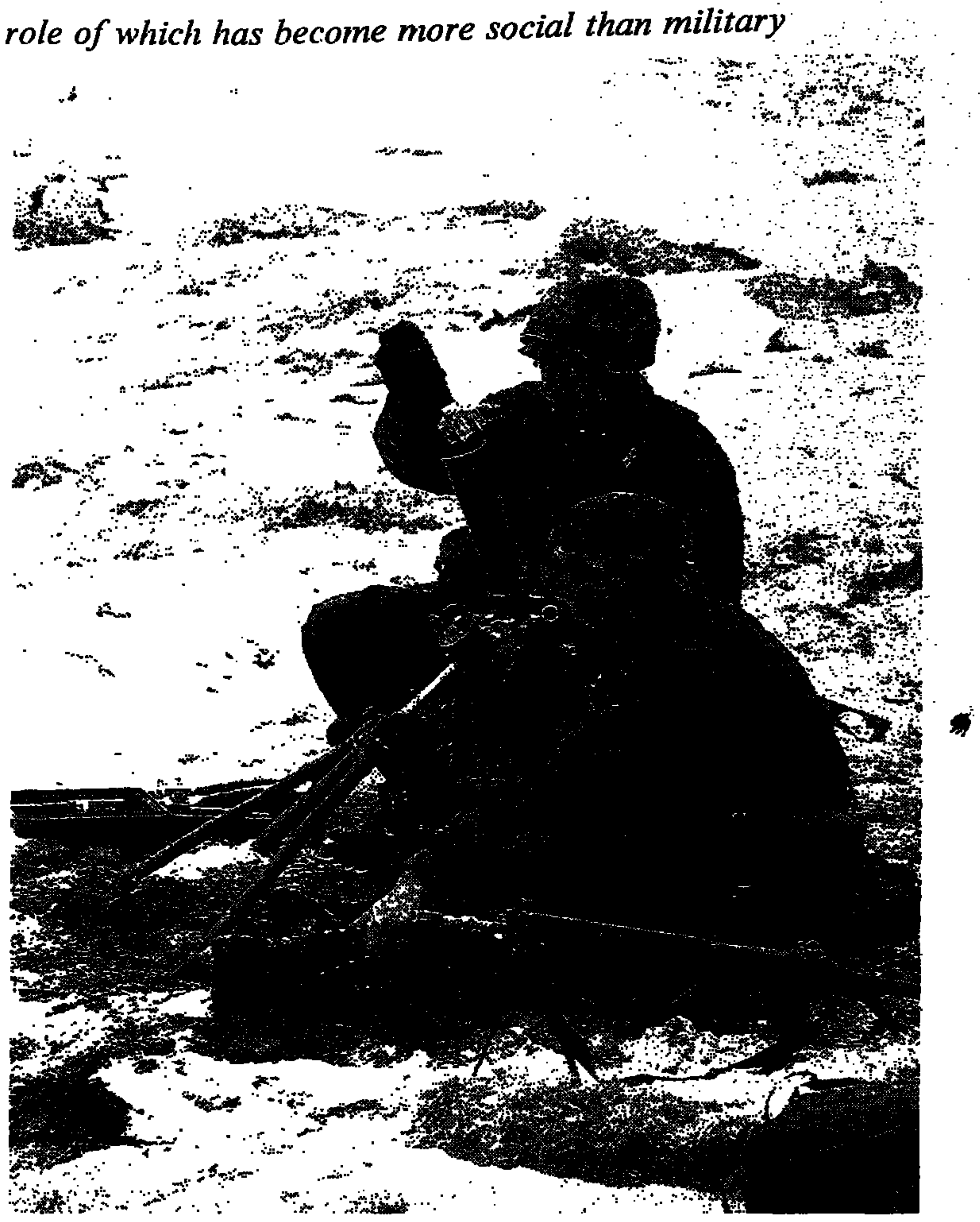
Swiss companies, which previously made it a point of pride to count a few colonels among their top executives, were beginning to regret the long absences of those colonels. And Swiss wives began to complain openly about the long periods they had to look after the children alone, not to mention the huge loads of dirty laundry their husbands sent home from the field (postage free).

The public was also becoming more sensitive about the dangers inherent in military training. Newspapers now give full coverage of the inevitable accidents.

In 1989, the government was stunned when more than a third of voters accepted the proposal in a pacifists' referendum that the army should be abolished.

It rushed out a new security policy for dealing with "a world in mutation" which, in turn, led to the elaboration by the defence ministry in early 1992 of a complete overhaul of the military establishment.

Army 95, as the plan is called, is based on the idea of a more flexible security force, able to help in international peacekeeping activities, to protect the population in the event of natural and military catastrophes and to combat terrorism.



The hills are alive with the sound of mortars: live ammunition is used in rigorous training

Pictures: Jasper Dijohn Prassefoto

It saw the need for fewer soldiers, so the army's manpower could be reduced by a third. On the other hand, the complexity of military equipment meant the new army would need more full-time, professional soldiers.

And as Mr Kaspar Villiger, the defence minister, points out, troops going on overseas peacekeeping missions will have to be professionals. "You cannot motivate a militia army sent to some distant corner to resolve a problem," he says.

Mr Villiger refuses to accept that the militia will become a second-class army, and leaves no doubt that his main concern is the social role the institution plays. "It contributes to the psychological strength of the country," he said in a recent interview.

Full implementation of Army 95 is two months away, and dozens of battalions and companies are about to be stood down for the last time.

I returned to the mock battlefield in the Schwägalp a few weeks after watching the 25th grenadiers. I looked carefully, but could not find a single spent shell or cartridge case or any evidence that anything had happened. The Swiss keep things clean, even in their war games.

The Wall is gone . . .

Continued from Page I

pages was an instruction stating that he was entitled to access to a special party hospital in case of illness. "This ID card is only valid until the end of the year. I still have my DDR driving licence. Look, I know German unification is a reality. I am not a man that struggles with a windmill." He paused to allow the noise of a low-flying aircraft pass over.

"About this belief that I held. I thank the Russians for my life. I was seven years old when the Russians came to Germany. I had typhus. My mother was alone. She could not work. She was sick as well. We had to flee to Kolberg, near the Ostsee, which is now in Poland. The Russians saved us. I make no excuses for what I did for my homeland".

What do you do now?

"I ended my political life in the beginning of December 1989. Since then I have been forbidden from working in the public sector. I cannot teach. I am under pressure. The federal property office wants to take away my house which I legally bought in 1989. I travel a bit. I am now a private person. In early 1990, I worked for an estate agency, then in a finance office. But not for long. I have found some work in a special commission looking at east German history. I rely on my friends for support". It had started to rain. He put his DDR papers back into his short, brown leather jacket.

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The waiting room was full of people. But they were all silent. An assistant came in from time to time to summon a client. It was like waiting to visit the dentist.

Lothar de Maizière's office was large and comfortable. Situated in east Berlin, a short walk from the bustle of the big train station on Friedrichstrasse, de Maizière had started up his private law practice soon after he was forced to resign as East Germany's last prime minister when it was discovered he had informed for the Stasi, the east German secret police. He had become the first non-communist prime minister of East Germany after the first free elections in April 1990.

"I had one hope during those days," he said, speaking softly. "I hoped that we would have a united German team participating in the Barcelona Olympics in 1992."

His hopes, however, have since faded into disappointment, and some confusion about the pace and methods of unification.

"Please don't misunderstand me. Our economy under the Communist system was so unproductive, the materials so awful. I knew what a catastrophic situation we were in by the end of the 1980s. But despite unification, there are enormous differences still existing between east and west Germany."

What sort of differences?

He started to smoke.

"Over the past 40 years, two different cultures evolved in East and West Germany. Take language. We speak German differently. The west Germans have practically forgotten their grammar. They hardly use the genitive case, or the adverb any more."

He paused to light another cigarette.

"But it's more than that. The eastern and western parts of Germany were always different. The west was catholic, and more open-minded to the Romantic tradition. The east was Protestant and sober. Look at the red brick Gothic architecture which you find in the east but not in the west."

How has the past 40 years accentuated those differences?

"During those years, we experienced, heard, and read different things. The easterners were exposed to art which was concrete and realistic and Slav influenced. We read Solzhenitsyn and Akmatova [the Russian writers] and listened to Shostakovich and Penderecki. The West Germans looked westwards, hugely influenced by the US. There is such a large gap in our cultural experiences. The west opposed communism and the east opposed capitalism. And now we are trying to get together again."

And are the two Germanys coming together?

"Inner unity does not exist. It's the way they [the west Germans] talk to us. The way they treat our past. My God! You would think we never ate with a knife and fork before the Wende ["change", the name given to the collapse of the Berlin Wall]. The big mistake was that the Wessis [westerners] did not have to make any psychological compromises after unification. The establishment made no effort to integrate the intellectuals and old functionaries. One of the other negative things about unification is the bureaucracy. It's worse than the times under the Communists. But the west Germans told us: "Do things like us and everything will be fine."

Lothar de Maizière: 'It's the way the west Germans talk to us. My God! You would think we never ate with a knife and fork before'

What about you, personally? They found out about your Stasi past. What had you done?

"I was a defence lawyer in the DDR. I was involved in many political cases. We had to speak to the authorities. I did not know that everything would be recorded. In 1991, the Bundestag [Germany's lower house] passed a law in which every [east German] lawyer had to be vetted. They spent a year vetting me."

What did you feel when they found out about your past?

"I was helpless."

An assistant came in. She said there was a client waiting.

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"I had been a member of the Liberal Democratic Party Germany," said Hans-Werner Böhm, Hannelore's husband. The LDPG was a "block party" sanctioned by the ruling Communist party.

"After fighting on the front during the war I finally returned from Russia in 1949 to Görlitz. I was 25 years old at the time. I trained as an engineer and worked in a private Handwerk, a small workshop belonging to my uncle. But in 1972, the Communists banned the remainder of the private sector."

After German unification, the Free Democrats, the junior partner in Chancellor Helmut Kohl's governing Christian Democrats, took over the LDPG. "I remember it well," said Böhm. "I got this letter from Otto Graf Lambsdorff [a senior member of the FDP], welcoming me into the party even though I had never been asked if I wanted to join. And then he said I should pay DM15. They just assumed I would join. I refused. It was their attitude. The arrogance. The way they took us easterners for granted."

During last October's federal elections, the Böhms both voted for the PDS. "The PDS speaks out for us. They represent our voice. They do not say the past 40 years have been wasted or worthless. But don't misunderstand us. We are both retired. We are well-off. We do not want the old days back. There are many good things about unification," said Böhm.

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"And the tide. We eventually saw the ebb and flow," said Hannelore Böhm. It was in July 1992. At Amrum, an island in the North Sea. The weather was very hot. It was the speed at which the tide turned which was so surprising. It was really beautiful to see."

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FOOD AND DRINK

Wine/Jancis Robinson

Superbuyers flex their muscles

When J. Sainsbury, *the leading UK* supermarket, decided some years ago to launch an own-label armagnac, the size of its initial order was such that, instantly, it became the world's largest single customer for the fiery Gascon brandy.

This was just one of hundreds of examples of the power exercised by British supermarket buyers. In drinks' buying, at least, British chains tend to be more innovative, centralised and rapacious than their counterparts on the European mainland – and their American equivalents have no such hold on the *heavily-regulated US* alcoholic beverage market.

Only the Scandinavian and Canadian state drinks monopolies can rival UK supermarkets but, whereas the influence of the former is waning, the British seem ever keener to buy their wines and spirits in the brightly-lit aisles of Sainsbury and its rivals – Tesco, Safeway, Asda and Somerfield. Between them, these five chains sell well over 50 per cent of all wine retailed in the UK.

While more and more British wine-drinkers seem to love the supermarkets, the supermar*kets themselves love wine.* "The wine department is seen as one of the recruiting departments for the rest of the supermarket," says Elizabeth Robertson, of Safeway.

Because much of the wine is bought at Christmas, the supermarkets view their promotions for this time of year as their annual chance to lure new customers – hence the heavy advertising.

Last year's juicy morsel from Safeway was its most successful ever: Bulgarian Cabernet Sauvignon at £1.99. Robertson says it was not a loss leader although, certainly, it was not a revenue generator, either. The quantities involved – believed to be about 200,000 cases (well over 100 container lorries) – were so great that two quite different sorts of wines were supplied. No one complained.

Safeway invests its three buyers with enormous individual buying power (up to £50m each a year), and requires them also to be responsible for selling the stuff. Market leader Sainsbury has made its buyers responsible for the less glamorous task of shipping it in the right quantity at the right time.

It is at this point that suppliers, some of them tiny peasant enterprises, tend to lose such illusions as remain about the value of one large order. Goliath Stores does not forgive *Domaine David his problems* with cork suppliers or label printers, any more than it is prepared to pay a sou more than it can get away with.

The one thing on which suppliers and supermarkets agree is that the most important factor in the buying equation is price. There is much hot air and waffle about upgrading quality and broadening range; but if a new line cannot be sold with the specified margin (usually considerably higher than its continental equivalent) at, say, £2.99, £3.49 or £3.99, then the deal is usually off.

Although, in general terms, *the modern wine market is* buyer-driven, there have been times when buyers' muscle alone has not been enough to clinch the deal. Widespread frosts in 1991 greatly reduced the quantities of French wine so that, for once, the supermarket buyers had to sell their employers to their suppliers rather than vice-versa.

Safeway's Sarah Kynoch says: "It was really, really hard work, especially with growers who thought 'I've just lost half my crop so I'm certainly not going to sell the other half cheaply'. As a result, we had to drop some suppliers who *wouldn't co-operate on price."*

The two important brewery-owned multiples, Allied's Victoria Wine and Whitbread's Thresher/Bottoms Up/Wine Rack group, tend to insist just as much on price "co-operation" in spite of their relative trickle of customers compared with the supermarkets.

Tesco's aim is to offer more choice than arch-rival Sainsbury: 785 wines at the last count compared with just over 500 at Sainsbury, including such delights as a brace from Brazil made by a Ukrainian-Australian based in England. But, increasingly, Sainsbury is wedded to exclusivity on individual lines.

In spite of its stately approach ("we may not be as quick or whacky as some other supermarkets," says the company's Claire Gordon-Brown), it has been voted Supermarket of the Year in the 1994 international wine challenge organised by *Wine* magazine.

One thing on which all supermarket wine buyers agree is the need to keep constant tabs on the competition. They are often to be found snooping round their rivals' shelves collecting samples. "I've often bumped into various suppliers in the wrong supermarket," admits Gordon-Brown, who once ordered £1m worth of champagne with a single phone call.

Supermarket bargains

Kwiksave supermarkets offer few frills but have taken care with their wine selection for the last year or so. Two stunning current bargains are Silver Hill South African blended white, so smartly labelled that one would never guess it cost only £2.79, and a Chilean Sauvignon labelled White Pacific at £2.69. Both are whistle-clean and refreshingly high in acidity.

Safeway's best current buy is *their* South African white at £2.29, or another Chilean white, the Caliterra 1994 Chardonnay, which is reduced from £3.99 to £3.49 until November 12. The latter is better value than the Caliterra 1991 Cabernet. Progress in Chile generally means the younger the vintage the better the wine.

Not a cup of coffee in sight: a kaffeehaus of Vienna's Ringstrasse in 1907 by W. Gaufe

A taste of two cities

Giles MacDonogh goes in search of the classic café in Vienna and Berlin

You will still find the classic café of the German-speaking world in Vienna. It survived world and cold wars as an extended living room where you waste time; keep out of the cold; talk; read newspapers and drinks all sorts of different *sorts of coffee.*

Some drink beer or schnapps. Wine you approach with caution. It is best adulterated with fizzy water as a *gespritzter*. Without the water the wine can be pretty poisonous.

You occasionally see people eating in a café. It is nothing special: a Schnitzel *(vom Schwein)*, a potato salad and a sticky cake to follow. If you want good wine or refined food, you go to a restaurant.

Some of Vienna's cafés have preserved that out-at-the-elbow feel about them. For many, the best is Hawelka in the Dorotheengasse, with its rickety chairs and crumbly waiters. The Eiles in the Josefstadt is refreshingly dowdy. The seediest is the Alt-Wien, which houses a peculiar collection of gnarled old chunks of humanity until the early hours of the morning.

The cafés which have been dolled up have lost their charm. This happened to the Landtmann opposite the Parliament. The Schwarzenberg on the Schwarzenberg Platz now looks like a 1960s milk bar, even if there are good cakes and excellent Glühwein in winter. In the Imperial Hotel is the chichi Café Imperial where people break the rules by eating delicate dishes of uncafé like food.

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In Berlin, the Third Reich drove out café life – along with the artists and intellectuals. Their haunt used to be the Romanische Café by the Kaiser Wilhelm-Gedächtniskirche. The church's ruin is a poignant symbol of post-war Berlin with its uncomfortable blend of pompous old and badly dated modern. Alas, the old "Romanischen" was destroyed in the war. Its site is occupied by the beastly Europe Centre.

Bombs also smote the old Café des Westens where George Grosz went to shock the bourgeoisie. The name alone is preserved on a building which looks like a lot of suitcases laid on their sides.

I have never had the courage to climb the stairs. Long before the Nazis ruined Berlin the Café des Westens had trans*mogrified into the Café Kran*zler in the Kurfürstendamm. Kranzler was rebuilt in the 1950s. It is not nice: the coffee is vile; the waitresses grumpy and the place is filled with bewildered provincials.

Also on the Kurfürstendamm are two branches of Café Möhring in surviving Wilhelmine buildings. The cakes are said to be good, but I have never had any luck with the coffee; and neither Möhring has a gram of atmosphere. Game, set and match to Vienna.

On the other hand a new style of café-life has sprung up in Berlin. Arty cafés have become the alternative to the rough-and-tumble *Kneipe*, where people go to get drunk.

I was alerted to the Café Hegel in the Savigny Platz by Berlin's best daily, *Der Tagesspiegel*. A home-sick Austrian said the only thing he would miss in Berlin was the Café Hegel. This I had to see. It certainly had the tattiness of a Viennese café; a proper *Stammlokal* which looked after its regulars. Signs and posters in Russian pointed to the possibility of Russian artists forming a part of its clientele, but there were none there that night. A solitary man came and sat at the bar; issued impossible instructions to the waitress on how to pour a wheat beer; noisily rearranged the furniture; then proceeded to carry on a vigorous conversation with himself. I left in despair.

Intentionally much more like Vienna is the Café Einstein in the Kurfürstenstrasse. It is in one of the Tiergarten's few surviving villas. Unlike its Viennese counterpart, however, customers drink decent wine and eat refined, new wave, Austrian food. Like many Berlin cafés, Einstein functions chiefly as a restaurant.

Similar in style is the Café im Literaturhaus in the Fasanenstrasse. Which serves good wines and decent food. A special feature is the readings which take place in an old, panelled room on Monday *nights. I went to one on Greek* love given by a man who was clearly partisan.

He spoke for an hour and a half about Spartan gymnopaedes, Zeus and Ganymede and Socrates and Alcibiades. He illustrated the talk with lurid pictures, occasionally taking a big slurp from a heroic bumper of wine.

I gave up trying to find a café with Viennese style. I went instead to the most historic wine house in Berlin: Lutter und Wegner in the Schlüterstrasse. It used to be in the east, but after the war it moved to smart Charlottenburg and this small room with its dark wainscotting and nicotine yellow paint work. It is a restaurant now. In the early 19th century it was a tavern; the *Stammlokal* of E.T.A. Hoffmann (of the *Tales*) and his friend, the actor Ludwig Devrient.

Here they swallowed oceans of champagne. Lutter once tried to present Hoffmann with *a bill. He and Devrient* were incensed and stormed off to Schonert in the nearby Möhrenstrasse. Lutter realised his mistake: Hoffmann and Devrient had created his fame. He rushed round to Schonert and tore up the bill before their eyes. When Hoffmann died (to some extent from drink) in 1822, Lutter wiped the slate clean a second time. Devrient died 10 years later, his gaze fixed on a portrait of his dead friend.

This Lutter und Wegner serves good, modern food: a "carpaccio of courgettes" with plenty of parmesan came with a *bloody piece of lamb fillet* (it was better than it sounds); but the duck on a roquefort sauce was salty (they had bought the wrong roquefort). Here I had to drink a glass of champagne for Hoffmann and Devrient: probably the first men to bring style to the old Prussian capital.

Cookery/Philippa Davenport

Cut-price glamour cuts

The trouble with economising is that, all too often, it is depressingly evident. The art of paring costs while giving real pleasure to your guests depends on a calculated blend of sheer greed, a shrewd eye for bargains, presentational flair, lateral thinking and – last but not least – a smiling demeanour.

Cut-price glamour is the thing to aim for. Relish the challenge, plan and execute economies with style, and you *might even create the impres*sion that you are lashing out, rather than being economical.

Soup, for example, is cheap food and the workhouse image haunts its past. But a broth made from, say, the sinewy left-overs of game birds can be gloriously savoury. And if it is served theatrically in individ*ual bowls sealed under puff* pastry lids, the image and the eating are decidedly classy.

A few thoughts on meat cookery are given below. Vegetables, fish and dessert ideas will follow next Saturday.

For those on the economy trail, one thing to avoid *is* mince, which has become linked inexorably with nasty. But some other cheap cuts are both chic and appetising. Oxtail is splendid rib-sticking stuff, just the ticket for stews and braises when winter turns wintry. The only worry is that it has become so fashionable *that half your friends may be serving it, too. The same goes* for lamb shanks.

The time has come for avant-garde cooks to greet the revival of shin of beef, another richly-meaty, awkwardly-bony, lip-smacking, gravy-producing cut. Once shunned by the smart set, my crystal ball forecasts that it is tipped to star.

Beef shin has been prized for years by a few cognoscenti who used this meat (where others used more costly chuck steak) to make splendid casseroles and stews – with extra cooking time, of course. I suggest, though, that it is more fun, and much better value, if *shin is cooked* and served on the bone. Ask the butcher to cut it across in thick slices, then treat it in much the same way as shin of veal.

To make what is, in effect, a deeply-flavoured version of classic ossobuco, colour beef shin slices lightly all over, then lay them flat to contain the marrow safely in the bones. Pour on reduced red wine, add a plum tomato or two or a few prunes, some onion, thyme, bay and a curl of orange peel.

Cook very gently indeed for four hours or so until the meat can be pulled clean from the bone and the gravy is sticky. Garnish with a variation on gremolada consisting of finely-chopped garlic, parsley, and the zest of an orange.

For an oriental slant, slow-*cook the beef shin slices* with onions, garlic, ginger, soy, oyster sauce and beef stock. Finish with strips of stir-fried green pepper and a handful of chopped green coriander.

Offal is "in". Less celebrated than chicken livers (a ritzy, long-standing favourite of many paupers) but worth con*sideration*, are sheep and ox kidneys. The writer Edouard de Pomiane, who considered the last to be "unjustly despised", raised their status to "aristocratic" by sautéeing them and serving with a bearnaise sauce. It is a winning combination.

Lambs' kidneys assume slightly exotic appeal when split, cored, threaded on skewers, grilled, and served on a bed of rice with a snowstorm of chives and pats of dukka butter (butter with dukka mashed in) melting over them.

Dukka is an Egyptian treat, a mixture of toasted and chop*ped hazelnut kernels, sesame,* cumin and coriander seed which is prepared easily at home. Toast each ingredient separately in a dry frying pan, allowing four parts of nuts to three of sesame, two of coriander and one of cumin. Mix, add sea salt and pepper, and pass the mixture through the coarse blade of a meat mincer.

Dukka keeps well in an airtight jar for many weeks. It can also be served as a welcome alternative to bruschetta with pre-dinner drinks. Spread dukka on a tray and warm it briefly in the oven to freshen it (if not newly-made), then serve *it with a bowl of good olive oil* and warm, crusty bread.

To eat, break off a piece of bread, hold it by the crust, and dip the crumb into the oil to dampen it. Then press it into the dukka to pick up some of the fragrant nut-and-spice mixture.

Appetisers

Travel broadens the database

Eighteen months ago I wrote about Thomas Henkel, an American employee of Conoco, whose business travels had allowed him to produce an extensive personal database of hotels and restaurants around the world.

Since then Henkel has added a further 500 entries to his database, which now stands at 3,500, and in response to FT readers' requests for more information, has launched Henkel's Guide, a bimonthly newsletter dedicated to "discovering exceptional, unique and unusual dining and lodging opportunities worldwide".

For information on obtaining the guide, contact: Henkel's Guide, 16 Foxhill Lane, Greenville, Delaware 19807. Tel: 302-992-9927; fax 302-992-0329.

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Another guide pioneer is Richard Binns, who since 1980 has been writing and publishing his French Leave series.

Binns' latest is *Alles France!* (£10.99) which includes 60 favourite hotels and restaurants and a section entitled Franc-wise France – a guide to 350 restaurants and hotels with value for money menus.

For Francophiles this guide will provide uncomfortable reading: Binns finds French culinary standards at their lowest for 40 years and that eating out today in provincial Britain can be more enjoyable than the French equivalent.

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A hundred children will prepare, cook and serve a Sunday lunch banquet for 250 people, to raise money for the Young Cooks Trust and Whizz Kids, a charity which helps provide adapted, powered wheelchairs.

The Big Banquet will be held on Sunday November 27 at noon in the Royal College of Music, London SW7. The lunch is masterminded by Philip Britten, Michelin-starred chef of London's Capital Hotel.

Tickets are £65 per person from Queenie Copping, tel: 071-233 6600, fax: 071-233 6611.

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Restaurant openings never happen exactly on time even with the most experienced management behind them.

Six weeks after it should have opened its doors, The Chiswick finally opened for business last week.

This in spite of the fact that its directors include Adam and Kate Robinson who have made such a success of The Brackenbury, W6 (081-748 0107) and Tony Mackintosh, the brains behind 192 and the Groucho Club.

The Chiswick's chef is Ian Bates, formerly sous-chef at Bibendum, SW3. The Chiswick is at 131-133, Chiswick High Road, London W4 (081-994 6887). Closed Sunday evening and Monday lunch.

Nicholas Lander

SPORT

Basketball

The Big Dog takes his bite

***Patrick Harverson** looks ahead to a US basketball season purged of violence but not free of greed*

In this year of sports folly, it was difficult to imagine that anyone could surpass the greed displayed by the owners and players whose squabbles over money have shut down two of North America's four major league professional sports, baseball and ice hockey.

Then along came Glenn "Big Dog" Robinson.

Robinson, 21 years old, and 6ft 7ins, was an outstanding basketball player at Purdue University in Indiana. He should have been making his professional debut last night when his team, the Milwaukee Bucks, played its first game of the 1994-5 season against the Philadelphia 76ers.

But Robinson could not have been expected to make much impact last night. This is because he had only one day's practice with his new team, having spent all but the final day of the pre-season engaged in a contract dispute with the Bucks, who earned the right to choose him by virtue of being one of the league's worst teams last year.

The dispute was over Milwaukee's refusal to accept Robinson's demand for a $100m, 13-year contract. At $7.7m a year, the untested Robinson was asking for more than double what the recently-retired Michael Jordan, arguably the greatest player in the game's history, was worth just two seasons ago.

Even in North America, where salaries in sport reached stratospheric levels years ago, Robinson's demand was greeted with astonishment. An established player who had led his team to a championship or two might be regarded as avaricious if he asked for that much, but a newcomer who had yet to score a single point in his professional career?

Robinson's hard-bargaining tactics were particularly distasteful because he was seeking a king's ransom from one of the poorest clubs in the NBA. Milwaukee is a small market by US sport's standards, and its team has enjoyed little success lately, so the club cannot count on earning the vast sums of money from television rights or merchandising sales commanded by the big-city teams such as the New York Knicks or Chicago Bulls. Herb Kohl, the Bucks' owner put it all in perspective when he said last week that he was considering trading his ownership of the franchise in return for Robinson's salary.

In the end, however, Milwaukee could not face the prospect of starting the season without their marquee player, and on Wednesday the club signed Robinson to a contract that will pay him $68m over 10 years. At about $83,000 a game, that makes Robinson one of the highest paid players in professional team sports.

The Robinson saga illustrates a flaw in the NBA's draft system. As in other North American sports, the process by which the best college players are fed into the professional game is designed to promote parity within the league by giving the worst teams each year the first pick of the college stars.

In recent years there has been a dramatic inflation in first-year, or "rookie", pay levels. In each of the past few seasons, the top selection of the draft has invariably demanded – and received – more money than the previous year's top selection. Consequently, the worst teams get the best young players, but they are also saddled with the best young players' increasingly immense salaries. And the worst teams (Milwaukee, the Dallas Mavericks, or the Sacramento Kings) are often the poorest, by virtue of their lack of success.

It is not just the size of the salaries demanded that poses a problem, but also the length of the contracts. Robinson has achieved guaranteed financial security over the next 10 years – the length of an entire career in the NBA. Yet, not only can the Bucks not know if Robinson will ever become the superstar player the club badly needs, they also cannot possibly know how long he will last in a league which places an increasingly demanding physical burden on its top performers. Signing a young player like Robinson to a 10-year contract is like buying a long-term mortgage on a house in the middle of war zone.

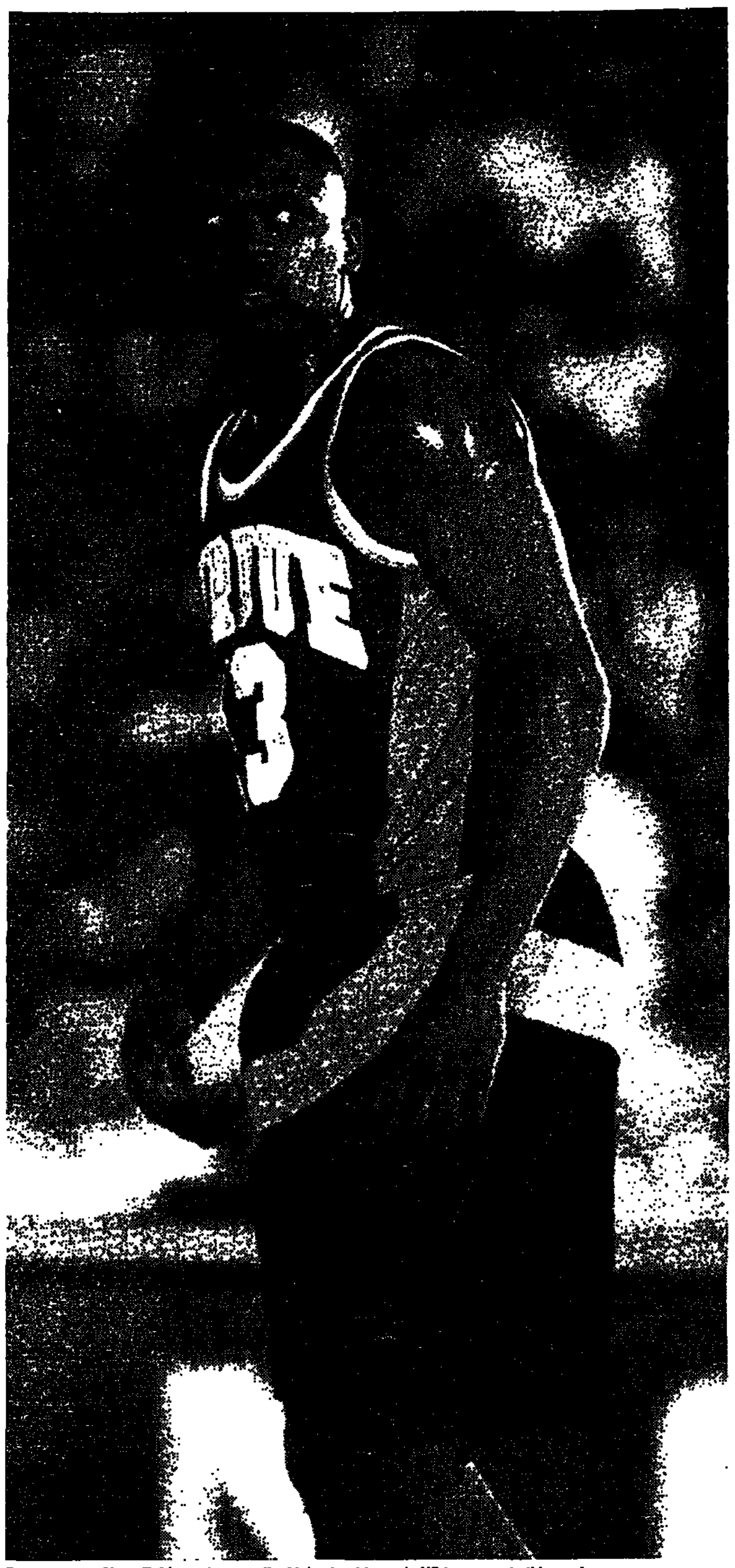
Of course, the club did not have to pay the vast sums demanded by Robinson, but the Bucks could not afford to have its star rookie sit out the season, as happened in Dallas three years ago when the talented Jimmy Jackson declined the salary offered by the Mavericks. Jackson missed an entire season, and although he signed for the club a year later and was joined by Jamal Mashburn, another top college player, neither Jackson nor the team has since recovered from the disruption. In the last two years, the Mavericks have finished 27th in the 27-team NBA.

Robinson's decision to sign was good news for the NBA. The league cannot afford to do without players of his pulse-quickening skills and athleticism. Last season was one of the dullest in recent memory, and the championship was won by one defence-oriented team (the Houston Rockets) over another defence-oriented team (the New York Knicks). In an attempt to restore the game's lustre, the NBA has introduced new rules against dirty play and intimidatory tactics that are designed to rid basketball of its more brutish habits.

Although it is theoretically a non-contact sport, basketball has always tolerated its share of bumps and bruises, crashes and collisions. In recent years, however, some teams have been pushing the rules as far as they will go, with players using their hands, elbows, shoulders, and hips to break up attacks and disturb the flow of the game. This style of play has turned up the temperature on court, leading all too often to the violent eruptions that have earned the sport the nickname "basketbrawl".

Yet, as Fifa, world soccer's governing body, has discovered this year with the introduction of its new rules against dirty play, the NBA is learning that cracking down on rough and defensive tactics can mean cleaner, but not necessarily better, games.

The chaos and confusion among players and referees over how to handle the new rules made for some disjointed contests during pre-season exhibition basketball last month. The always image-conscious NBA can only hope that players will quickly adapt to the new rules, and that the new season will not see too many repeats of the tedious free-throw shooting contests that the fans have had to endure in pre-season games over the past few weeks.



Pedigree dog: Glenn Robinson became the highest-paid man in US team sports this week — Jonathan Daniel

Rugby Union/**Derek Wyatt**

Springbok shadows

Since England's disappointing tour there in May, South African rugby has hardly been out of the news. Fracas on the field has been matched by verbal dust-up off it. Recently, Dr Louise Luyt, the SA President said in an interview that rugby union would be professional by 1995, that Home Union officials should be fired and that the 1991 World Cup was laughable.

No one within the hermetically sealed committee rooms of the four Home Unions knows how to read the "new" South Africa. It was not always thus. Five years ago, when the political map of that country was more certain or at least more dependent on the Afrikaner vote, rugby union, unlike nearly every other sport in the world, helped prop up the political status quo in South Africa.

There were no boycotts, no ban on players, referees or administrators visiting the country from the body that pretended it represented the world view of rugby, the International Rugby Board.

England toured there in 1984; New Zealand tried to tour in 1985 but a successful court case led by the affable New Zealand rugby player Paddy Finnigan QC stopped the New Zealand Rugby Football Union in their tracks in the high court in Wellington. When Judge Casey deliberated at a special sitting on a Saturday morning in Wellington, the whole of the country was rooted to the spot. A packed public gallery trailed outside, blocking traffic. When he found in favour of Finnigan the applause of the gallery reached out, like a Mexican wave, to the streets and beyond.

New Zealand, whose own rugby union had toured South Africa without Maoris to accommodate the apartheid policies of the South Africans, was posting notice that it was growing up. Within months, the British Lions due to tour South Africa in 1985, fearful also of a legal challenge, called off the tour. Only the French, as ever, decided to break ranks, touring in 1990.

But there were two other tours. The first was the Andy-Haden-inspired renegade tour of South Africa by a New Zealand Cavaliers side, and the second was a group of international players who played in the white South African rugby board's centenary matches in 1989.

Haden denies there was any incentive other than pride for the team he secretly assembled. But the 1989 tour was altogether different. Such was the subterfuge, allegation and rumour within the Welsh Rugby Union of the amounts of money given to players and administrators who attended those celebrations that a report was commissioned.

That report, of which there are three versions – one of over 2,000 pages, one of about a 1,000 pages, and a shorter report of only 13 pages. I have a copy of the shorter version. It states:

"... Had we been deciding this issue (payment) on the balance of probabilities that, from the evidence heard, we would have found that most (and quite possibly all) of the players were handsomely rewarded for going to South Africa. By that we mean that they received money, and not just the incidental benefits. At least one player received at least £30,000 and others as much or broadly comparable figures ..."

The report carefully lays the blame on the players but I am sure that the administrators who attended were also well rewarded.

Who paid? Why, the South African Rugby Board under that wily old fox Danie Craven.

The irony is that this report was carried out by Vernon Pugh QC, then an innocent bystander in Welsh rugby affairs. Three years later he is both chairman of the Welsh Rugby Union and the International Rugby Football Board. Two weeks ago, Luyt failed to appear at the interim IRFB board meeting in Vancouver, where he was to be asked to explain his remarks on the four Home Unions.

I would guess, therefore, that if you were Pugh, almost the last country you would want to confront on and off the field currently would be South Africa. Yet South Africa are in Wales and carrying all before them.

Once the sporting isolation was imposed, club rugby in South Africa gradually became a bit-part player to the provinces. The provinces owned the grounds and had the television and sponsorship. And with no one to play, the country had little choice but to turn its provincial championship into a mini-international series.

The gates were huge, frequently topping 40,000, often reaching the 65,000 capacity of the larger grounds. Consequently the amount of money piling up was unreal in an unreal country. That money meant that South African rugby union could stop its players following the country's cricketers to Australia and England.

'The amount of money piling up was unreal'

To keep them, deals were done. These started with inflated expenses and turned almost into payments and then salaries. Luyt knows the score. What irritates him is that he believes this is the direction all top-level rugby union must go. He cannot fathom why the four Home Unions are hiding the truth. He knows how much some of them were paid to come to South Africa in 1989.

Meanwhile, the side South Africa has brought to Wales and Scotland is good verging on excellent. It is hard to see any real weaknesses except that the team has not yet gelled completely and sometimes coasts when it is ahead.

There are some great players – Japie Mulder and Brendan Venter in the centre and Mark Andrews and Dirkus Hatingh in the second row – but, as always, South Africa takes time to settle when overseas. Just the public scrutiny is hard for them to take coming, as they do, from a society that hid the truth for so long.

They were last in the UK only two years ago when the last team of the Naas Botha era played against England. Botha briefly played American football for the Dallas Cowboys and yet was re-admitted to the amateur game immediately his contract ended. On the field, Botha led South African rugby down too many blind alleys because he saw the game only in yardage; making huge kicks to take his forwards over the gain line.

Two years on, this side is fitter, faster, heavier up-front and stronger in every position. Its only problem, apart from a still over-vigorous approach, is that it cannot decide on a half-back partnership. Nonetheless, the Springboks are preparing to be crowned world champions next year at Ellis Park, Johannesburg.

Golf/**Derek Lawrenson**

On the right course?

Three years to go and already Valderrama's suitability as a Ryder Cup venue is being questioned. Last week's Volvo Masters at the Spanish venue produced record crowds but they in turn heightened alarm that the course will be unable to cope when much larger numbers attend in 1997. The fundamental question is whether such events as the Ryder Cup should be held on traditional or modern courses.

Valderrama was built only in 1975 but is firmly traditional in design. Anyone who attended the last three Ryder Cups in Europe at the Belfry, for example, will certainly enjoy the better aesthetics. Almost every hole is marked by the vivid shapes and luminous bark of cork trees.

The course swoops both uphill and down and offers splendid views of the Andalucian countryside. Its owner, a retired tin billionaire from Bolivia, Jaime Ortiz Patino, is thought to spend £4m of his own money each year to maintain the course in splendid condition.

In the six years since he bought it outright, Patino has ironed out some of the quirks that brought a mixed reaction from the professionals when Valderrama was first added to the tournament schedule.

"It looks like it was designed by Walt Disney's brother," David Feherty once said.

Patino has rebuilt the greens at the rate of two a year so that they spike up less and drain more quickly. The 17th has been converted from a long and arduous par five to one that resembles the 15th at Augusta. The bank behind the green will make a splendid focal point.

There are many feature holes. The fourth is a spectacular par five; the eighth a gorgeous short par four; the 10th another birdie opportunity; the 12th an enormously long short hole cut through an avenue of woodland; the 15th is a scenic par three. Few who have either seen or played Valderrama doubt its right to be considered among the top 10 courses in Europe.

But does that make it a great Ryder Cup venue? The trouble with traditional courses is that they were never meant to accommodate heavy traffic. Who could have foreseen, in a country where few people are interested in golf, that one day Valderrama would have 25,000 spectators walking around it?

There are bottlenecks everywhere that will make it a logistical nightmare for those who like to follow the Ryder Cup matches around the course. To get from the second to the third involves going through a small tunnel. To get from the 14th to the 15th means clambering up a steep bank, and people were slipping and falling as they endeavoured to follow Severiano Ballesteros on the final day last week. Walk along the left of the 17th and it is not possible to see a thing until the green is in sight.

The trees which add so much to the course's splendour heavily restrict the numbers who can walk around. The 18th, the most crucial hole of all, is one of the worst in this respect. Few people will be able to see anything.

Patino has his answers to some of these questions. There is talk of a bridge being built between the second and the third. He is discussing with an electronics company the possibility of constructing a giant television screen behind the 17th so that people will not have to fight to catch a glimpse of a match that goes down the last. On the 18th, eight of his beloved cork trees are to be removed to accommodate a grandstand.

Some of the problems, though, seemed to have escaped his notice until they were pointed out. He was unaware that viewing was impossible from the side of the 17th fairway.

To these concerns Patino added one of his own. A section of the road that links Malaga to Valderrama has still to be built and so for 11 miles the traffic is down to one lane in either direction. Patino, in his Ryder Cup bid, said this would be a dual carriageway by the time of the match itself and there would be no problems.

He was wrong. The construction work is in grave doubt. The Spanish government wants it to be a toll road and is awaiting bids to build it. None are forthcoming. If the money to build is not in the transport budget by next March then Patino doubts that it will be constructed in time. In that case, he estimates, spectators could take six hours to travel the 30 miles from Marbella to the course.

Patino is clearly adopting a high risk strategy in making known his dismay. He hopes to shame the government into action. But his views merely reinforce the long-held thoughts of many in Britain, that the Ryder Cup will be damaged by Spanish inefficiency.

Would not the Ryder Cup be better on a modern course, which may be bland, but will be easy for spectators and accessible? It is a question that Valderrama, the sum of our hopes and fears, raises.

Motoring

Go for a spin in safety

Cars are getting so much smarter than the people who use them that they will soon be equipped with electronic systems taking decisions out of the driver's hands.

It all began some years ago with ABS (or anti-lock) brakes that allow drivers to stamp on the pedal and then steer round obstacles without losing control – whereas panic braking on wet roads in cars without ABS often causes accidents.

The reason is that a car slows down much better when the tyres are just revolving than when they are sliding. And as sliding tyres have no sideways grip, the front ones cannot steer the car and the back ones cannot prevent the tail from swinging out of line.

But ABS works properly only if you slam on the brakes as hard as you can and keep trying to push the pedal through the floor until the car stops. Research by Lucas and Mercedes-Benz has shown that seven out of 10 drivers of ABS-equipped cars get it wrong.

In an emergency, they slam on the brakes quickly enough but then ease off slightly. This means the full benefit of the servo mechanism, which boosts braking power, is lost. Stopping the car takes longer than it need.

So, Lucas and Mercedes-Benz have evolved an electronically controlled brake booster that senses emergency braking. It then keeps the brake-boosting servo fully on even if the driver is no longer pressing the pedal as hard as possible. The system will start to appear on Mercedes-Benz cars from the 1996 model year.

Ken Maciver, managing director of Lucas Braking Systems, describes the electronic actuation system (EAS) as the biggest advance in braking since ABS was introduced more than 20 years ago. EAS not only allows ABS brakes to work with full efficiency – it also prevents a leaden-footed driver from spinning the drive wheels during acceleration, and even helps prevent a car from drifting off line in a bend taken too fast.

There has been a lot of emphasis recently on passive safety: on things such as air bags, crumple zones and side intrusion bars to protect occupants when a car crashes. All of this is well and good – but it must be better not to have a crash in the first place. This is where active safety systems such as EAS come in.

Also under development by Mercedes-Benz, although some way off production, is an intelligent cruise control system. If fitted to cars as routinely as heater/demisters and stereos now are, it would get rid of those motorway menaces, the tail-gaters. They are a prime cause of multiple crashes because they follow so closely that, when the traffic slows suddenly, they cannot help running into the car in front.

The Mercedes-Benz system uses infra-red transmitters integrated into a headlamp to monitor the traffic in front. A computer calculates the safe headway for the car and maintains it by operating the accelerator and brake.

It is, of course, only a thought – but if drivers were half as intelligent as the Mercedes-Benz cruise control, they would always keep a proper distance from the car in front and reduce speed on slippery roads. Then, none of these clever electronic devices would be necessary.

Stuart Marshall

Peugeot's sedan saloon

Hatchbacks with load spaces are useful but many feel saloon cars with boots have more style. Yet, Peugeot calls its latest 306 four-door a sedan. I thought low gearing made the poshest two-litre ST model I drove sound fussy at motorway cruising speeds. It was nippy in town, rode with Peugeot's usual shock absorbency, and had exceptional space inside. Prices are from £11,565 to £13,850.

BOOKS

Symbol of a disillusioned age

***Peter Aspden** finds it hard not to warm to the anguished man who would be king*

Just a couple of months before Princess Elizabeth gave birth to her first son, a report in the New York Times delivered a waspish verdict on post-war Britain: "an impoverished second-rate power, morally magnificent but economically bankrupt". Today, the feeling that Britain has some kind of special reserve of probity which can compensate for its otherwise sagging fortunes is distinctly unfashionable.

Jonathan Dimbleby's sympathetic biography is as much the story of that decline, of the gradual coarsening of a nation's sensibility, as the tale of a man who, racked by self-doubt, has come to symbolise Britain's crisis of identity.

That the two – nation and heir – are symbiotically related has surely been demonstrated time and time again, not least by the roller-coaster tale of love, estrangement and high farce which the world has come to know as Charles-and-Di. The hysterical reception given to their courtship and wedding smacked of desperation; the price paid for the marriage's failure is the nation's bitter revenge for being so acutely disillusioned.

It is hard not to warm to Charles from Dimbleby's portrayal; a grown man, capable of agonising intensity, who still expresses himself in the puerile vocabulary of the Eagle, the boy's comic given to him by his loving great-uncle Lord Mountbatten. The future King's moral universe, as expressed in his diary, refuses to veer beyond the boundaries of "beastly" and "jolly"; even after the humiliating tour of Korea and Hong Kong in 1992, by which time the fairy tale

THE PRINCE OF WALES: A BIOGRAPHY
by Jonathan Dimbleby
Little, Brown £20, 640 pages

wedding had turned to nightmare, his ire was cloaked in the terminology of a schoolboy about to have his tuckshop allowance taken away: "I feel so unsuited to the ghastly business of human intrigue and general nastiness . . . I don't know what will happen from now on, but I dread it."

The marriage to Diana was something he could – and should – have been talked out of; but who was there? Certainly not his mother, whose minimal presence in her son's biography speaks volumes: while Charles prevaricated over whether to take "la grande plonge" (sic), we read that "characteristically in relation to such matters, the Queen refrained from tendering her opinion". Whether she exercised similar restraint when the blushing bride started head-butting the glass cabinets is not known, but the widely-publicised lack of intimacy in this very mixed-up family cannot fail to have blunted the Prince's sense of self-worth.

To his credit, Charles has not allowed the blunderings of his private life to divert him from the quite complex socio-political positions he has embraced. In many ways, he would make a perfect monarch for the current age; his modish mix of eastern philosophies, eco-concern and community politics certainly strikes more of a chord today than it did at the beginning of the 1980s.

Interestingly, he has one ambition left; after a famous gala White House dinner in 1985, he reflected: "Travolta asked Diana to dance, he whisked her about the floor and everyone left them on their own until I joined in eventually with a very good American ballerina, whose name I forget. Sadly there were no lovely actresses or singers. I had been rather hoping that Diana Ross would be there . . ." *Another* Diana? Forget it.

Modern British drama under the microscope

***B.A. Young** on Kenneth Tynan and **Nick Curtis** on Arnold Wesker*

This collection of letters, unlike Kathleen Tynan's earlier, much admired and affectionate biography of her late husband, displays some of Kenneth Tynan's less charming characteristics. The correspondence also reveals several surprising, and sometimes contradictory, judgments from one of the most celebrated critics of British theatre.

His early letters from school were innocuous enough, offering only fan letters and gossip to a friend. Oxford provided the first of several love affairs; there is fun and variety in this correspondence but only his own evidence of burgeoning talent. He both directed and played in the theatre; "my production of *Sweeney Agonistes* was a terrific success." Isis called him "Oxford's best journalist, objectionable Kenneth Tynan." He came down without a degree but with several theatrical offers waiting. To Picture Post he wrote that "the year which I spent in Oxford was a superb parenthesis in my life and, like all the best parentheses, they mean more than all the rest of the sentence." This was in 1950, when he was 23.

The following Christmas, he sailed with Elaine Dundy, later his first wife, to New York. John Gielgud asked him to supper and Tynan described Kenneth More (in *The Deep Blue Sea)* as "our best answer to Marlon Brando."

Arthur Miller's *The Crucible*, he wrote on a later visit to New York, was "a failure dramatically". Yet 10 years on, in a memo to Olivier, Tynan included it in a proposed

KENNETH TYNAN LETTERS
edited by Kathleen Tynan
Weidenfeld & Nicolson £22, 690 pages

schedule for the National Theatre. In January 1953 he was working both for the Daily Sketch and the Evening Standard but in July he wrote to David Astor for a job as second-string theatre critic on the Observer. This did not stop him from taking on a job as script editor at Ealing Studios, assuring Astor that "a not too-tedious job in another field would stimulate me."

In September 1958, Wolcott Gibbs of the New Yorker died and William Shawn, the editor, invited Tynan to take his place. Tynan left Ealing, with a long critical letter to its director, and began work on the New Yorker.

The section entitled "Crest of the Wave" begins with the break-up of his first marriage, which Tynan, on the evidence of these letters, tried to keep going. The ATV programme, *We Dissent*, which Tynan had built up with 26 liberal Americans citizens, went out in January 1960 and was ill-received in US. It is hardly surprising that he reckoned he should be in England again, where he wrote to Olivier to ask for a job. Olivier, reluctantly at first, took him on as literary manager for the National Theatre.

"Celebrating the Sixties" is predominantly National Theatre correspondence. Controversial plays included Robert Graves's re-written *Much Ado* and Charles Wood's *Dingo*, which were turned down by the board. He continued his freelance work, and the seduction of Kathleen (largely by telegram). In 1956 he proposed an erotic show, "Nothing that is *merely* funny or *merely* beautiful should be admitted; it must also be sexy." This became the notorious *Oh! Calcutta*.

The 1970s marked the start of Tynan's fade-out period. He was becoming increasingly radical; work was commissioned from Havel and there was an idea for pieces about Wilhelm Reich and Daniel Cohn-Bendit.

In a series of letters from Tunisia, his marriage to Kathleen was going well but his health was breaking down. In London, Peter Hall had taken over from Olivier at the National and there was talk of Tynan's departure.

By the spring of 1977, he and Kathleen were in California, where he went on writing pieces about literary and dramatic figures while retaining his English friendships. He made friends again with his first wife and with fellow-critic Harold Hobson, and wrote rhymed birthday-cards to his children. Then he died.

It is hard to sense much affection in these letters – but the answers to some of his more provocative correspondence would have made interesting reading.

Kenneth Tynan photographed by Cecil Beaton: his letters reveal some of his less charming characteristics

★

If Tynan was the great chronicler of modern British drama, John Osborne, who reshaped it in the 1950s, was its scalding prophet and Arnold Wesker was a quieter, questioning counterpart. While Pinter and Becket wowed a complacent theatre with their oblique absurdism, Osborne and Wesker employed their supposed working-class realism to equally devastating effect: Osborne raged and loathed, Wesker argued, doubted and loved.

Unlike Pinter and Beckett, their seminal early plays (Osborne's *Look Back in Anger*, Wesker's *Chips With Everything* and his *Trilogy*) have dated badly, a fact both refuse to acknowledge. While Osborne ossifies into damn-you-all curmudgeonliness, Wesker writes, writes, writes, appealing for justice and the recognition he gets abroad and feels he deserves at home.

This Arnold Wesker – the wounded, misunderstood artist – cries out sporadically from the pages of an unruly, unbalanced first volume of autobiography. He appears in paragraphs announced as "Asides" in a narrative that hopscotches back and forth through his life up to 1959 and beyond. There is also the bereft husband confessing, if not regretting, the adultery that wrecked his 35-year marriage to the adored Dusty, a marriage barely begun as this book ends. Most embarrassingly, there is the penitent father, appealing directly for forgiveness to the eldest son Lindsay Joe who will not speak to him because of this betrayal. (The publisher notes that, since writing, Wesker and son are reconciled. Whoopee.)

Mostly though, this is a chronicle of the early years that preceded Wesker's early success, where he's at pains to assert what most writers spend their lives denying – the direct autobiographical nature of his plays, poems and prose. The last hundred-odd pages are gripping as the twentysomething Wesker is tentatively fostered by the Royal Court, lunched by impresarios and championed by his revolutionary peers after years of rejection letters. To reach this consummately readable apotheosis, though, you have to hack through over 400 pages of reminiscence, romanticism and (Wesker denies it, but it is there) nostalgia.

The story of his childhood and early adulthood is clotted with diary extracts (his own and others), letters (ditto), and illustrative snatches from his works. Wesker could condense, paraphrase or edit, but refuses to. He depicts himself through younger writings as a mildly embarrassing but adorable innocent.

His hopes, dreams and, above all, his family and friends are laid painstakingly and repeatedly before us in an often gauche, sometimes unctuous and always rambling narrative. Wesker's family – cantankerous but loving mother, ineffectual father, saintly sister – appear with a frequency justified by his reliance on them for the grist of his drama. His friends are another matter. Although many metamorphosed into characters in his plays, many more seem to be evoked for the sake of avenging past slights or expunging past guilts in print. A huge number are incidental to the narrative, suggesting that Wesker is more interested in communing with his past than communicating with the reader.

Wesker bemoans his infelicity with prose, and it shows. His style at first is either overwrought and overexcited or fetishistically introspective and self-absorbed. As if to illustrate the blend of self-doubt and self-justification that makes up the large part of this volume (the title is very apt), the pages are littered with *question and exclamation* marks.

AS MUCH AS I DARE
by Arnold Wesker
Century £18.99, 578 pages

When writing about his early years, Wesker is like a child, alternately demanding acknowledgment of his cleverness or wheedling for sympathy. Later – much later – he settles down to become fast, funny, even fair. He is brilliantly even-handed to his late friend, the dictatorial director John Dexter, who premiered *Chicken Soup With Barley*, *Roots* and *The Kitchen*. There are also thumbnail sketches to rival Osborne's depictions of Tony Richardson and George Devine, the powerful Royal Court supremos.

For the most part, though, as in his early plays, Wesker now seems to be overdoing it. His Russian-Transylvanian ancestry; the milieu of an East End Jewish family through the 1930s, '40s and '50s; the factors that shaped a young, working-class, autodidact Jewish playwright are all somewhat smothered by the tangential, the incidental and the inconsequential.

Since this book officially ends in 1959 (Wesker constantly runs ahead of himself), I presume there's at least one more volume to come. The last fifth of *As Much As I Dare* hints at how good the next book might be. The other four-fifths do not.

Three big questions

Popular science books, like crime novels, must get read mainly by people who follow the genre. In the wake of Stephen Hawking's one great success, there are so many pop-science books in print that if they were read more widely the problems of public understanding, which preoccupy scientists and science ministers alike, would quickly be over.

Here are the first three of a new Anglo-American series, styled Science Masters, plainly intended to be read by non-habitues. Three Big Questions are tackled in short, readable books by authors who have all answered them before. Twenty odd more titles are promised by the turn of the millennium.

So how do the first three fare? Take Barrow and Davies first. Both do a neat job in the small space prescribed – the putative reader obviously has a short attention span. John Barrow has a slightly easier time, as he is merely concerned with the beginning of everything, while Davies has to address the end but must consider the beginning as well to explain how we might get there. The big crunch may be implicit in the big bang.

As this implies, both books cover the range of ideas, occasionally well-attested, often speculative, frequently bizarre, of contemporary cosmology. Here be black holes, wormholes, baby universes, stardust and dark matter. These are all explained as clearly as they can be, in simple English, though some very basic physics is assumed. These stories are about science as intellectual entertainment, rather than scientific literacy. They will not do anything for your ability to cope with modern living but they will ensure that your eschatology is seriously up to date.

The most important property of the universe, of course, is that it harbours beings who can ponder where it came from. The origin of the local variety of such beings is Richard Leakey's concern, and his book is the most appealing of the three. A simpler story, with less way-out concepts, but a compelling one, well-told. Leakey is especially good on the fact that the evolution of the genus Homo is both a scientific study and an origin myth. He is well aware how images of the human past are coloured by prevailing cultural prejudice, and is clear about the necessary limitations of the historical sciences. No experiments here: the anthropologist is condemned to interpreting fragments of a long, complex story, imposing order on scattered collections of preserved bones which constantly tantalise the scientist who wants to see the whole picture.

Leakey is candid about holding a minority view on many key questions, like dating the origin of language – old and slow he reckons, while most of his colleagues think it was rapid and recent, perhaps as recently as 35,000 years ago. This commitment, to continuity with our forebears rather than a clean break, makes his arguments seem a little sharper than Barrow or Davies.

Against the trend of some recent popular science books, he is also honest about the fact that some of the big questions may remain forever mysterious. "How can we know what happened to our ancestors' level of consciousness during the past 2.5 million years?", he asks; "The harsh reality anthropologists face is that these questions may be unanswerable".

THE ORIGIN OF THE UNIVERSE
by John D. Barrow
Weidenfeld & Nicolson £9.99, 150 pages

THE ORIGIN OF HUMANKIND
by Richard Leakey
Weidenfeld & Nicolson £9.99, 171 pages

THE LAST THREE MINUTES
by Paul Davies
Weidenfeld & Nicolson £9.99, 162 pages

Barrow also hints at similar limitations, suggesting that analogies for many physical theories seem to fall to hand too readily. He suspects that it is only when there is a theory which can be described in mathematical language, but which has no obvious meaning outside it, that we are getting close to physical reality. As he puts it, taking up the crux of Hawking's book, "One can read the sentence 'Time becomes another dimension of space', understand what all the words mean, but still not possess any real understanding of what is being conveyed".

Just so. This is another reason why Leakey's book has the edge on reader satisfaction, and why it may be unwise to launch this series with two books about the outer reaches of physics. Then again, they might inspire readers who will go on to fashion new answers to the Big Questions.

Jon Turney

Short Stories/**Patrick Gale**

Dying falls, abrupt endings

Reading as though written *en bloc*, the tales in Carol Shields' *Various Miracles* (Fourth Estate, £9.99) are united by a common fascination with the giddy euphorics of chance. Her wry voice captures moments of transcendence, accidental beauties mimicking the quirks of human reminiscence. The image of a wedding ring is swept up with the memory of a childhood vision, a revelation of religious faith and fresh perception of married harmony. She shows the process by which scraps of real lives are transmuted into poetry or anecdotes. A loving testimony to the slow, unspoken bargains of lasting marriage, Shields' work here is shot through with honest awe.

Jane Gardam's fiction is made of darker stuff. *Going Into a Dark House* (Sinclair Stevenson, £14.99) is spiced with mortality. She specialises in abrupt endings where Shields favours the dying fall. Her evocations of place and mood are vivid, the loving detail she lavishes on land, language and food, intensely English. Here are tough tales of lost innocence and shattered hopes. Gardam writes particularly well about the ambivalence of mother love. Mothers look with disdain on the children they have produced, daughters regard their parents with cowed, rebellious glowers. There is humour too, most memorably in *Telegony*, an historical novella of whale-boned passion in Edwardian Shipley; blissfully funny at first, then oddly moving.

Salman Rushdie is a word gourmet, piling epithet on epithet, clause on sickly descriptive clause. In the broader plane of a novel, this pays off richly; apparently gratuitous word eruptions and extra-narrative excursions make a vital contribution to a work's vigour. In miniature, however, the effect can prove clogging. Two tales here, *Yorrick* and *At the Auction of the Ruby Slippers* grind almost to a halt under the weight of Rushdie's galumphing irony. At its best, however, *East, West* (Cape, £9.99) shows him on extraordinary form. His strongest spells are cast when he curbs his wilder gestures and dares to gauze over his strong personality with the deceptively plain tale he is unfurling. The three unpredictable Eastern fables typify this restraint. Lovely, too, is *The Courtier*, a fond homage to Certainly Mary, a redoubtable family ayah. Uprooted and set adrift in Sixties Kensington, she finds backstairs romance and an unexpected aptitude for grand-master chess technique before choosing to return to her roots. While much of the piece's humour arises from the zany cross-cultural influences that are the collection's theme, Mary's maintenance of her dignity in the face of her westernised charges' mockery stands as a decorous reproof.

The stories in Carol Lake's *Switchboard Operators* (Bloomsbury, £12.99) are so unified in characters and setting that this beguiling book can almost be read as a novel. Set amid the rarefied procedures, clattering machinery and sex war skirmishes of the Derby telephone exchange in 1969, the narratives are as meticulously researched as those in her first work, *Rosehill*, so that the book glows with documentary insights. Lake's narrator is Sylvie, a newcomer to the institution, following in her mother's footsteps. Less interested in Post Office regulatory procedure than in following boyfriends to man the Revolution's barricades, Sylvie is a deeply poignant figure. Less bright than she thinks she is and given to drink, she is, one gradually perceives, barely a twin-set's reach from a psychiatric ward. That the undertow of sadness is never allowed to swell up into tragedy is typical of Lake's cunning.

As much a specialist in the field as V.S. Pritchett, Alice Munro stands alone in this batch in writing stories which, for all their brevity, evince such complex emotional references and depth of character that each reads like a miraculously compressed novel. For this very reason, it is impossible to read *Open Secrets* (Chatto & Windus, £14.99) back-to-back – one has to keep laying the book aside to live each tale a little in one's head. Ranging in their settings from the 1850s to the present, from Canada to the Balkans, they are united by an undertow of violence and by the restlessness of their heroines – each a pioneer in her way. Like the best styles, Munro's is invisible. Inexorable and precise as the slowest cogs in a clock mechanism, her narratives seem so weighted with imminence and induce an often quite needless sense of dread.

ARTS

'Beauty' is mocked and betrayed

***Clement Crisp** is appalled at the crassly wrong-headed new production of this great ballet at Covent Garden*

The Sleeping Beauty is the greatest of ballets. Its score is Tchaikovsky's masterpiece. Its choreography, responding to that score, is a summation of the ideals of the classic academic dance as it was brought to its zenith in Imperial St. Petersburg by Marius Petipa. It is a work of its time and place – essentially, I suppose, the final and most nostalgic statement about the art of a dying empire. It is the product of a francophile culture, yet it reflects both the grandeur and the humanity of scale of its ravishing native city, and even of the theatre that gave it birth, the Mariinsky, so perfect in its architectural ordering.

For ballet-goers, it enshrines every virtue that the word "classic" can mean to dancing. Petipa's choreography as it has come down to us proclaims the merits of formal order, harmony, of movement serenely shaped in space, occupying space with both liveliness and decorum. The action of the ballet as it was first given in 1890 – and we have clear evidence of its text – was superb in balance, as grandly spacious as the imperial world and ideal to which it was a homage. Its score was no less beautiful in shape, each scene, each act, most carefully considered as musical architecture.

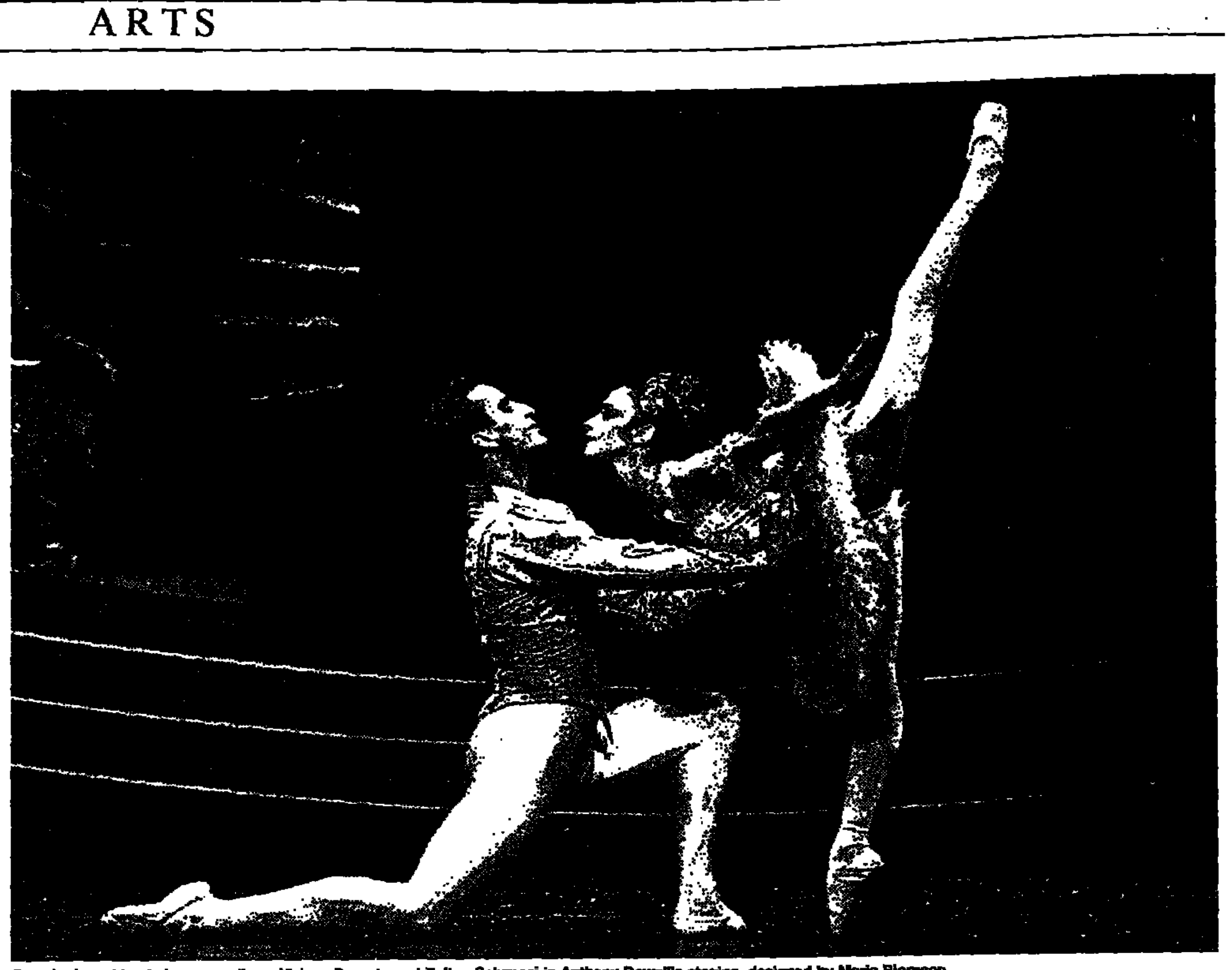
Nothing in *Beauty* is distorted, extreme, vulgar, unreasoned. Ultimately, it proposes attitudes of moral distinction – Virgil Thomson called them "twin privileges, freedom and responsibility" – which must guide classic creation and interpretation. The academic dance of Petipa insisted on this. The academic dance of our century, of Balanchine, Ashton, held it no less true, whatever developments in manner might supervene. *Beauty* must remain for performers, producers, audiences, an example of clarity, formal dignity, rule of order.

On Thursday night the Royal Ballet unveiled its new *Beauty* at Covent Garden, the production having been first seen in America during the summer. *Beauty* has a special place in the company's history. With extraordinary prescience, Ninette de Valois gained a first staging in 1939 for her then immature company – it was just eight years old. The text was correct even if the forces (and the design) were not up to their task. By 1946, and the re-opening of Covent Garden after the war, de Valois could bring her company to glory and our grandest theatre. *Beauty*, splendidly designed by Oliver Messel, announced to the world – and to America in 1949 when the troupe made its New York debut – that Britain had a national ballet. The production honoured its text. It educated dancers in the greatest challenges of their art. It taught audiences to love classic ballet. Over succeeding years, other versions were presented, none so illuminatingly right as the 1946 version. That staging, with its Bibiena architecture and its sense of space, gave the dance and dramatic action room to breathe, to take proper and happiest shape.

The new staging we now see is by Anthony Dowell, in his time the purest of classicists as Prince Florimund, with design by Maria Bjornson, who has worked in opera, musicals, drama. Dowell has preserved much of the old choreography on the immediate terms of step and pattern. Miss Bjornson has decorated it in a manner so crassly wrong-headed, so vulgar, that we no longer see *The Sleeping Beauty*, but a cross between a Folies Bergere show and a pantomime. The ballet has been degraded, mocked, destroyed.

It is beyond understanding that Dowell should have countenanced design which is malignly determined to unbalance every harmony that shapes *Beauty*. Bjornson has contrived a permanent frame of vertiginous and skewed pillars which collapse towards a central oval, or lead to a dizzying perspective of an open gallery. Hectoring in visual terms, this disastrous scheme effectively pulls the eye away from the stage action. Costuming is fussy, garish, or winsomely pallid, fatuous in outline (the Queen comes on in the first act as Mistinguett), ill-judged in effect. Historical identity – Bjornson seems to have dipped into *A girl's first book of baroque motifs* with no great success – and fairy-tale magic are equally unlovely in realisation. (Part of the fascination of *Beauty* lies in the mingling of the real – evoking the court of Louis XIV – with fairy magic, and the subliminal presence of the greater theme of beauty cursed to a winter sleep and then awakening to love and new life).

Nothing is visually right about the staging. Not one moment has the power or the grace implicit in score or choreography, because everything is betrayed by Miss Bjornson's tasteless caprices. (Lest anyone think I am too severe, I would refer ballet-lovers to the video of the Kirov staging as performed by Irina Kolpakova: designs unemphatic but serenely right frame performances that breathe and flower in the stage space. Choreography, interpretation, style, have a common dignity and illuminating force.) At Covent Garden, the dance now battles against a vertiginous, maladroit setting, trapped in costuming either flimsy or clever-clever. Performances seem unsettled, unseated, by this decorative mayhem. The prologue is dominated by a vast table whose only justification is to allow Carabosse's creatures to scamper and riot on it, while a set of chairs shake, rattle and roll. That it encroaches upon the dancing space is an even greater flaw: the sublime patterns of the dance look cramped. The first act boasts a vast oval frame through which Aurora must gingerly enter – gone that colonnaded view of the young princess which has traditionally been one of ballet's most thrilling moments. The second act is a winter hunting scene having an air of austerity and acid, vehement colouring, with the court dances curtailed so that the prince may have an unnecessary solo, for which Tchaikovsky sounds oddly souped-up. (And the prince's tutor is dressed as Smike). The last act – the apotheosis of everything *Beauty* means – looks like a pretentious hairdresser's establishment with too few clients: the court is distinctly sparse in numbers.



Overshadowed by their surroundings: Viviana Durante and Zoltan Solymosi in Anthony Dowell's staging, designed by Maria Bjornson

Dowell's production has, and with good cause, a harried and browbeaten air. The Prologue's formal splendour – it should be like a Le Nôtre garden – is defeated by its design and by performances fidgety rather than radiant. (And I here register a protest at the interminable clatter of thunder played over Tchaikovsky's score to announce Carabosse's arrival: it is symptomatic of the staging that it does not trust the music. That Carabosse was played by Dowell himself as a captious drag-queen is another matter).

Grace of means, that prerequisite of the academic dance, was rarely apparent in the first night performances. Viviana Durante made a pretty, delicate and capable Aurora, but – not surprisingly – her interpretation seemed over-shadowed by the surroundings and lacked nobility of scale. Her prince was Zoltan Solymosi, whose provincial manner and brash technique I do not admire in this ballet. The Lilac Fairy of Benazir Hussein was strong but singularly charmless. There were brightnesses amid the flurries of fabric and tinsel – the three jewel fairies of the last act seemed delightful – but casts are going to have a difficult time telling us about *The Sleeping Beauty* in this unreasoned, unreasoning caricature.

In repertory at Covent Garden, sponsored by Inchcape and the Friends of Covent Garden.

In search of some simple common sense

***William Packer** reviews the work of the four contenders for the Turner Prize*

'Testing a World View' (detail), 1993, by Antony Gormley

Hot on the heels of the inaugural Jerwood Prize, which set itself to work a field which the Turner has long left assiduously uncultivated – current British painting – the Turner Prize itself comes round again.

There was nothing wrong with the Jerwood that the simple application of some common sense could not have remedied, or should not get right next time. But that exactly has been the case with the Turner Prize these many years. Is common sense still so rare a commodity? With a representative display of the work of the four artists short-listed for this year's prize now on view at the Tate – the winner will be announced, and the spondulicks, all £20,000 of them, dished out at the party on November 22 – we have our annual chance to see for ourselves.

Has anything changed? The age-limit of 50 remains, which prevents the Turner from ever being an award of truly national standing and consequent international prestige. Yet something of that order was always intended and is still claimed. The test should surely rest on how artists stand with artists of any age. If a young artist then wins, the better for him.

As to the range this short-list covers, the now usual four is a narrow number, and the representation no less narrow and predictable within its avant-garde orthodoxy. There are two sculptors, one painter and one video-maker: *plus ça change*...

The painter is Peter Doig (35), and a landscape painter at that, but he is no pillar of the Royal Academy. His inclusion is not to be justified simply by what might be done sitting in a field and painting the trees. Rather it must be set out in terms of "changing perceptions of reality", "tension between representative or narrative content ... and purely visual, decorative and abstract qualities", "banal sources", "imaginative triggers" or "fertile interplay".

The paintings themselves, innocuous enough, are conventionally large, their imagery freely reworked upon photographic sources into atmospheric and expressionist evocations of winter lakes and forests and, latterly, Corbusier blocks of flats.

Sculptors have dominated the Turner lists for many years, supplying the last six winners out of nine. Here are two more. Antony Gormley (44) shows his now familiar featureless figures, cast in grotesque and repetitive simplicity from his own body and disposed in bizarre postures about the room and ceiling. "My body", he says, "is the channel through which all impressions of the world come, and I want to use it to carry feeling back into the world."

The exhibition booklet goes on to tell us, just a shade ponderously, that his work "meditates on the relationship between our spiritual and physical selves."

Shirazeh Houshiary (39) was born in Persia, and her work has always been "informed by Sufi poetry and ancient writings from East and West on ... mathematics, philosophy, religion, art and astronomy." She has moved away in recent years from the organic reference of her earlier abstracted forms and vessels, and is now showing a work comprised of metal boxes, "The Enclosure of Sanctity", that variously represents the planets.

Each box has a structured and segmented interior, established upon "grids corresponding to numbers with which each planet is identified." Some are richly decorated, some are not. "Through studying these cubes", she says, "we can realise the multiplicity of the state of existence." She is also showing a group of minimalist canvases that are inscribed with delicately calligraphic images.

Which leaves the radical or conceptual slot to Willie Doherty (35), who works with photography and video and comes from Derry. His work here, "The Only Good One is a Dead One", consists of two videotapes, one a long static shot of a street corner at night, the other of an endless drive at night through country lanes with only the pool of light visible ahead. It is accompanied by a ironical monologue, as though the driver were both gunman and target reflecting upon the inevitability of violent death.

It is a polemical, narrative piece, born of close personal experience of the Troubles, and effective enough within its own terms. Yet is it the form or only the content that gives such work its force? "In all his work", says the booklet, "he attempts with moving clarity and honesty to convey the complexities of the situation."

These, then, are the runners in what is more open and equal a race than usual. Gormley must be the clear favourite, Doig in with a good chance and Doherty and Miss Houshiary the outsiders, with Doherty the better each-way bet. For my money? Well, it stays in my pocket.

The Turner Prize Shortlist 1994: Tate Gallery, Millbank SW1, until December 4: sponsored by Channel 4.

A lifetime in opera

***Andrew Clark** talks to outspoken Czech conductor Bohumil Gregor*

It is a matter of national pride: Bohumil Gregor, doyen of Czech opera conductors, finds fault with Elijah Moshinsky's staging of *The Bartered Bride*, which he is to conduct in Geneva over the next two weeks. "Maybe I'm too old," says Gregor, 68, who first conducted Smetana's opera in Prague in the late 1940s, "but Mr Moshinsky doesn't understand Smetana. Stage directors today don't seem to care what the composer is saying. The works are being misused. Smetana knew more about drama than Mr Moshinsky will ever know."

Fortunately, Moshinsky is not present to hear Gregor's criticism. The production – first performed by English National Opera in the mid-1980s – has been restaged for Geneva by ENO staff producer David Ritch, who has made discreet changes to suit Gregor's taste. Gregor signed his contract without knowing that the setting had been updated. He says Moshinsky took extreme liberties with the text, and that the costumes are more Russian than Czech.

With that thunderblast out of the way, Gregor settles down to reflect on a lifetime in opera. He began his career in 1945 playing double bass in the orchestra of the Grand Theatre of the Fifth of May, the avant-garde Prague company which launched the careers of numerous Czech artists in the postwar era. Gregor made his conducting debut in 1947 with *Madama Butterfly*, and quickly picked up a core repertory of Italian, French and Czech operas.

He was surrounded by singers and conductors who were the living embodiment of Czech operatic tradition. Many had been engaged by leading contemporaries of Janáček, and were able to pass on unique insights. "There was no formal instruction, but you could learn a lot if you had the ears – just sitting in the canteen while they discussed how they had sung this or that. The tradition was alive in the building – for me it was like mother's milk."

After gaining further experience in Brno and Ostrava, Gregor returned to Prague in 1962 with a reputation as a Janáček specialist. He conducted *From the House of the Dead* during the National Theatre's groundbreaking trip to the Edinburgh Festival in 1964. Guest contracts in Stockholm, Hamburg and San Francisco quickly followed. He also began a 20-year association with the Netherlands Opera. His pioneering Janáček recordings on Supraphon date from this period.

British musicians on the continent who have worked with Gregor draw comparisons between his approach to Janáček and Reginald Goodall's to Wagner: they speak of the same undertow of feeling, developed through long study, patient coaching of singers and a stubborn insistence on proper rehearsal conditions. But Gregor says instinct has always played the most important part.

"If you just have the score, you're lost. In performance it never turns out quite as written, because Janáček does not make clear the differences in tempo. He'll use one general marking for fast or slow, leaving you to work out the tempo relationships and make certain decisions for yourself. You have to use your knowledge of his style to work out how it should sound. He used this nonsense word *scasovka* (*cas* = time) – you won't find it in the dictionary. But if you break the word up, it has something to do with "the connection of two times" – it's quite clear he was talking about tempi. It's part of the oddity of Janáček."

Gregor says there is no fundamental difference in the way he conducts Janáček, Smetana or Dvořák. "They all drew on the same material – the melody of language. Words provided the inspiration for music. Janáček was the first to articulate it, but Smetana used it without realising. Listen to Kecal singing about money in *The Bartered Bride*, or the way Dvořák puts the stress on certain words in *The Devil and Kate*: it's exactly how you would speak it. You also find the roots of Martinu's polyrhythmic style in Smetana's dances. That kind of rhythmic subtlety is in our national musical character."

Gregor: conducting ENO's production of The Bartered Bride in Geneva

Out of favour at home, Gregor and his wife Blanka spent most of the 1970s and 1980s abroad. Only after the 1989 Velvet Revolution did he discover that the National Theatre's former Communist boss, Přemysl Koči, had saved him from denunciation. "He wrote in my official file that I was to be left alone because I was unbalanced and a little crazy – it was like something out of Kafka! He could be a very unpleasant man, but in his heart he loved the theatre and tried to help the people who worked there."

Over the past five years Gregor has done what he can to shore up the National Theatre's artistic credibility. He bemoans the lack of money and managerial skills, and says that by playing works like *Yevgeny Onegin* and *Roméo et Juliette* in the original language, the company is losing its traditional Czech audience. He has agreed to conduct new productions of Janáček's *The Cunning Little Vixen* and Smetana's *The Two Widows* – on condition that they are a true collaboration between conductor and stage director. "I will make the choice. If I'm not satisfied, I won't say 'you have to change it'. I simply won't conduct."

The Bartered Bride is performed at the Grand Théâtre, Geneva, on November 7, 10, 12, 15, 18 and 21.

Buster Keaton jazzed up

Bill Frisell's guitar playing has always been out of kilter with the mainstream, so it seems quite natural that now he should be applying it to silent film. Commissioned by a New York arts centre to write new scores for a set of Buster Keaton silents, the elliptical tunes which resulted met with such approval from US audiences that he did more, and then recorded some too. In this European tour he brings his regular band of Joey Baron (drums) and Kermit Driscoll (bass) to accompany three of the best, the short classics *Go West*, *The High Sign* and *One Week*.

To play alongside great American film is a natural progression for 42-year-old Frisell. He has a passion for popular American music and recent recordings have covered works from such diverse sources as Madonna, Charles Ives, Sonny Rollins and de Sousa. With musical anarchist John Zorn, he has collaborated in coruscating improvisation where Mickey Spillane's gangster yarns were the inspiration.

In Keaton's deadpan hilarity, the American modernist has another ideal setting for his own cynical humour. The music, like Keaton's visual art, is fundamentally melancholic, but filled out with pratfalls and gags. The guitarist's playing combines a concentration on melody that reveals a background as a clarinettist and a love of dissonance that comes from listening to Hendrix. Frisell's studied way with solos mirrors Keaton's *modus operandi* of "Think slow, act fast".

You might guess from this that the trio's music for films is anything but easy, and any preconceptions based on the traditional ragtime, lid-slamming treatment of silent films were quickly dispersed at the Queen Elizabeth Hall on Wednesday. Frisell comes equipped with two electric guitars, one looking as though it has been in a car smash, the other shrunk in the wash. There are no fierce guitar licks where you might expect Frisell to join the car chase, and there are no wah-wah sounds when Keaton see-saws on the ladder. Instead, using the volume pedal to gently turn notes on and off, Frisell quietly captures the sadness and romanticism of the scenes as they roll by. The rhythm section orientates the score, Baron providing some essential rat-tat-tat and Driscoll moving the whole along but Frisell's self-contained sound is forever following The Great Stone Face's body language.

Hard to take on its own, the coupling is what multi-media was made for.

Garry Booth

Bill Frisell Music For the Films of Buster Keaton Elektra Nonesuch 7559-79350/79351

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ARTS

A rich and raunchy western

David Murray on Greenaway's first foray into opera, 'Rosa'

In Amsterdam the Netherlands Opera has scored yet another up-to-date success with *Rosa*, a "horse opera" by Peter Greenaway and Louis Andriessen. Greenaway is of course the controversial film-maker, here engaging with opera for the first time; Andriessen is the senior Dutch contemporary composer, who has tried opera (or music-theatre) before, but never perhaps with a co-author so exacting.

For Greenaway has not only directed *Rosa* in the most precise and rigorous detail; just as with his films he has written it too, with the essential visual imagery already prescribed. That would seem to reduce the composer's role to supplying a "film music" accompaniment to order. So it might, with a composer less truculently himself than Andriessen; but in fact the Andriessen *persona*

Louis Andriessen's throbbing score infuses the text with red blood

(abrasive, quasi-minimalist and hard-hitting, but with warm feelings) is stamped all over the score.

Though it answers to Greenaway's exact demands, it goes beyond his text by infusing it with red blood – something that Michael Nyman's scores for all but his most recent films hardly did, despite their wayward appeal. Here the story is in his characteristic mode: tantalisingly intricate and incomplete, lubricious but beady-eyed.

The gist of it is that young Esmeralda, wedded to a composer-cowboy who prefers his horse, strives ecstatically to become one herself. Since this erotic fantasy is told from various times and points of view, and furthermore the wild West films for which the composer writes all his music soon invade the stage and even the action, the built-in visual opportunities are rich and raunchy.

Naturally Greenaway misses none of them, and his results are no less striking than candidly reminiscent of his films. Terrific projections, fluid interplay between film (period monochrome, modern colour, purpose-made sequences too) and live-action, everything coolly stylised; economical with props – but the rehearsal costs, including the hi-tech element, must have been fearful. As it happens, some of the principals also spend a lot of time in the nude, with or without splodges of black ink, and some of the busy octet-ensemble are bare-bottomed throughout. Par for the course: as I said, this is an *up-to-date* success.

Andriessen's score throbs relentlessly, as is his wont. His principals are chiefly required to sing very loudly, clearly and rhythmically, in various states of undress, but Marie Angel, Lyndon Terracini and Miranda van Kralingen all do much more than that, and Roger Smeets, Christopher Gillett and Phyllis Blanford make something crisp of their near-puppet roles. The only part of the piece that remains flat is the mock investigation into the murder: absurd to taunt the audience about getting the clues, when so few of them were audible anyway. Contrariwise, Andriessen's pastiches of film-Western triumph and rescue are funny and stirring.

★

Another British arrival in Amsterdam was John Eliot Gardiner the next night – not by any means his first visit, but his first to conduct the Royal Concertgebouw Orchestra in their own splendid hall, where they usually sound even better than elsewhere. They sounded particularly beautiful in Debussy's three orchestral *Images*; they hardly needed Gardiner to teach them the music, but his attention to delicate, unfamiliar detail was constantly rewarding.

Whimsically, the *Images* were strewn through the programme, interlarded with Hungarian scores. The temperate Dutch players were slightly short of snap in Bartók's Dance Suite and Kodály's *Psalmus Hungaricus* (with Keith Lewis a lusty soloist), but these were sumptuous, well-balanced performances. The sharpest impression was left by György Kurtág's four-minute elegy, *Grabstein für Stephan*. A guitar gently strums basic chords as if tuning up, changing one note from time to time, while around it the orchestra sketches sighs and whimpers over a doomy bass tread. Less minimal than much Kurtág, and poignantly heartfelt.

Nine more *Rosa* performances at the Musiektheater between tonight and November 28; Concertgebouw concert repeated November 6

Love scarcely makes an entrance in this profoundly nihilistic staging. The tragedy is played out against a background of gang warfare, the urge to destroy is paramount and death the ultimate thrill

Romeo without a ray of romance

Sarah Hemming catches a bleak, brutal portrayal of Shakespeare's tragedy at the Barbican

To say that the first production in the Barbican's *Everybody's Shakespeare Festival* might not be to everybody's taste is putting it mildly. Karin Beier's *Romeo und Julia* from the Düsseldorfer Schauspielhaus is a bleak, brutal reading of Shakespeare's tragedy in which no ray of romance ever pierces the despair. Set not in medieval Verona, but in a sort of giant grey underpass – not unlike the Barbican car park – it presents us with a chic, harsh world where Romeo and Juliet's affair is simply a rebellion that misfires.

It is a coherent reading, the interpretation of a young director (Beier is 29) who uses the play to explore the empty world of contemporary, alienated youth. In a recent interview she described how she wanted to capture the mood of wealthy young Germans driven to fill their empty lives by seeking sensation in dangerous rituals and her production emphasises the violence in the play. Romeo and Juliet's story is played out against the background of gang warfare, as groups of youths rove around the town, spoiling for a fight and engaging in bizarre martial manoeuvres. For them the urge to destroy is paramount and death is the ultimate thrill. Tybalt becomes an arrogant, taunting neo-fascist; Mercutio a cynical desperado, so bent on self-destruction that he deliberately falls on Tybalt's knife and even reappears as a ghost in Mantua to goad the exiled Romeo towards suicide.

No one is likeable. While the adolescent world is violent and rebellious, that of the adults is fatuous and hypocritical. Even the nurse is played as an unsympathetic raunchy blonde, while Friar Laurence becomes a dubious, scarfaced individual and the prince is a babyish fop. In places this staging makes for impressive set pieces: the ball is a skillfully choreographed parade of garish grotesques, the fight a disturbing fray that conveys well the thrill of adrenalin. But it is horribly relentless. In this decadent, comfortless world there is nowhere for the teenagers to turn, and no room for subtlety, warmth or emotion.

However bleak, all this might be just bearable if Romeo and Juliet themselves ran counter to the mood. But in this profoundly nihilistic staging, the tenderness and poetry is stripped out of even their encounters and they emerge a rather gormless pair. The balcony scene is played on two trapezes: giant swings, suspended over the concrete, emphasise how close to childhood they still are, suggest the yearning for excitement and operate as a metaphor for the unattainability of love. Even here, however, death is seen as the ultimate kick, as they discuss who would make the bigger "splat" if they fell from their perches. Love scarcely makes an entrance.

At this point the subversion of the classic interpretation is quite funny, but as it goes on, it becomes tedious, depressing and empty. Arriving at Friar Laurence's cell, Juliet teases Romeo with glimpses of her black bra; when they wake from their marriage night they squabble petulantly over whether they heard the nightingale or the lark. And in the final instance of this insistently anti-romantic production, Romeo changes his mind at the last moment and tries to vomit up the poison he has swallowed.

Shakespeare's lovers may be too romantic for this age, but his story of two innocents pitted against a violent and corrupt society has a trajectory that is lost here. Take away that, and you take away the tragedy. Here, as Romeo dies retching, there is not a wet eye in the house.

Final performance at the Barbican Theatre tonight (071-638 8891).

Music for the Bard

The *Everybody's Shakespeare International Festival* shared by the Royal Shakespeare Company and its host the Barbican Centre managed to run two versions of *Romeo and Juliet* simultaneously on Wednesday and Thursday. While the Düsseldorfer Schauspielhaus actors swinging on their swings were presenting their German-speaking *Romeo und Julia* at Barbican Theatre, the members of the London Symphony Orchestra under Mstislav Rostropovich in Barbican Hall were playing a selection of Prokofiev's famous music for a (1939) ballet of the play, with spoken commentaries interpolated between the ten numbers by the actor Michael Feast.

Who selected the music from Prokofiev's own two suites and who the text – which melded prosaic summaries of the action with Shakepeare's glittering poetry – we were not informed, but the result was a reasonably satisfying dramatic whole, albeit marred by Feast's sometimes over-obvious actorly pauses and by moments of brutal bathos. After the axe-like orchestral blows of "The Death of Tybalt" we did not need to be told that Tybalt had died. The music is better left unglossed, especially as it was bringing out the golden best of the orchestra. The beautifully soaring cellos, the melting celesta, the guest leader Yuri Torchinsky's fetching solo contribution to an altogether wonderfully realised balcony nocturne, the unprecedentedly blood-curdling tuttis – all was sonorous magic in Rostropovich's carefully measured account.

Earlier we had had Balakirev's rarely heard *King Lear* overture – an example of the blunt Russification of Shakespeare to add to Tchaikovsky's powerfully simplifying overtures – and Shostakovich's suite, Op. 32a, from his incidental music to what apparently was a highly facetious (1932) production of a Russian-speaking *Hamlet* by Nikolai Pavlovich Akimov. These 13 wittily serviceable numbers are not much more interesting as pure music than Shostakovich's 1959 musical *Cheryomushki*, recently revived at the Hammersmith Lyric; but they deliver the authentic smart smack of early Shostakovich, and are doubtless worth an occasional outing, certainly when done with the LSO's verve.

Paul Driver

'Bouncers' at the Riverside

Much of our most important fringe theatre occurs in the London Borough of Hammersmith, which contains the Bush Theatre, the Lyric Theatre's Studio Theatre, and the three auditoria of the Riverside Studios. Right now, Riverside – under new management and with a new facade – has become again one of London's most important theatrical venues, valuable not least for bringing the city several of the most important shows seen during the Edinburgh Festival.

John Godber's *Bouncers* – as performed by Godber's own company Hull Truck – is in Studio 2. Few Londoners realise quite how vital a part of British theatre Godber is today. Various Godber plays are staged by numerous regional theatres; and like Alan Ayckbourn, Godber writes plays conceived practically for regional small or medium-scale theatres. The success of *April in Paris*, which came to the West End for several months earlier this year, reminds us that he is by no means "merely" regional.

Bouncers is a finer, darker, and more complex work than *April in Paris*. It is a social satire about clubs and clubbing, and it looks the grimmest aspects of club life in the face. Yes, it shows us homophobia, misogyny, crass promiscuity, male aggression, sexual competitiveness. I was surprised to find how often it reminded me of the work of Steven Berkoff and how much more humane and subtle it invariably proved. Godber can make us laugh and shudder at the most grotesque depths of behaviour – men side by side at the pissoir, girls blatantly showing their sexual availability, gruesome jokes about snot and other excrescences, bouncers obliging each other to watch porno movies as a male-bonding ritual – but part of what is rare in his work is its eventual tenderness. He shows us human beings at their worst, and then he reminds us that, for all their fatuity, they are still utterly human. A misogynistic bouncer suddenly remarks "Women. Weird. Why? They laugh at yer when you're naked" – and suddenly his vulnerability, which Godber leaves hanging in the air, becomes as interesting as, and connected to, his misogyny.

Another rare feature of Godber's work is its selflessness. He does not draw attention to his own cleverness or wit; he simply keeps drawing our attention to new facets of his subject. The four performers in the current Hull Truck touring production do virtuoso stuff in changing persona – each one is a bouncer, a club girl, a club boy in turn, if not other roles too. But virtuosity is not the point of the show; transparency is. Damien Cruden directs; all four men – Chris Walker, Peter McNally, John Kirk and oh! especially the hilarious Andrew Williams – give performances that are at times astonishingly acute in the way they dissolve themselves into their various grim, funny, tough, hopeless, wounded characters.

A few blocks north is the Bush Theatre, which is just about as important as the Royal Court for presenting new plays. As part of the London New Play Festival, it is currently showing *Two Horsemen*, a 65-minute one-acter by 'Biyi Bandele-Thomas (author of the recent award-winning *Resurrections*). *Two Horsemen* is one of those waiting-for-Godot existential affairs in which nothing happens to two men as they talk about life, death, resurrection, gender, sex, farting, and identity. The two men (acted by Colin McFarlane and Leo Wringer) are black, but their sense of identity changes during the play. They seem to commute between various lives even while they seem suspended in one eternal present, and occasionally they refer to themselves as female. The mixture of poetry, mystery, humour, and scatology is always arresting, and the play (directed by Roxana Silbert) receives a warm hand from its audience. But the taste it leaves in the mouth is ultimately contrived, fancy, precious.

Alastair Macaulay

Bouncers is at the Riverside Studios, W.6, until December 3; *Two Horsemen* is at the Bush, W.12, until November 19

COLLECTING

Connoisseurs come in from the cold

Speculators have disappeared from the auction rooms as collectors return, writes Antony Thorncroft

The art and antiques trade continues to bump along in a repressed rather than a depressed state. There is little action, but prices are certainly not slipping down lower. The biggest quality fair of the year, Olympia in June, did well, with a record attendance of over 37,500 and estimated sales in excess of £21m. Dealers, major buyers at Olympia, are obviously now optimistic enough to indulge, at last, in some restocking.

The first important event of the autumn season, the 20th Century British Art Fair, was the most successful for four years, with over 1,000 works sold, and there have been some strong auctions, most notably the country house sales, where as usual buyers went berserk trying to secure a memento of the Big House, however banal. Stokesay Court in Shropshire, promoted as a Victorian time capsule, brought in £4.2m as against Sotheby's £2.5m estimate.

Routine sales in London in traditional areas, such as Old Masters, have proved disappointing, but specialist auctions, such as Judge Bayne-Powell's collection of miniatures, enjoyed strong collector bidding, with a 1645 miniature by Samuel Cooper selling for £89,500 as against a £25,000 top estimate.

It was a keen collector who paid the record price for a Dinky toy at Christie's South Kensington, £12,650 for a 1930s delivery van bearing the name of Bentall's. This is typical: speculators have completely disappeared and traditional connoisseurs are sniffing the air again.

German art, especially the 20th century Expressionists, has ridden the recession better than most. Christie's second annual auction in London in this area brought in £7.7m and set artist records for Kirchner, Corinth, Liebermann, and Jawlensky. But almost 30 per cent of the lots were unsold, underlining the selectivity of buyers.

One of Modigliani's last portraits of his mistress, Jeanne Hebuterne, which will to be auctioned by Sotheby's in New York on November 8

This weekend the pace picks up with the Kensington Antiques Fair, one of the best established seasonal events, the draw at Kensington Town Hall while, for the first time, the foyer of the Royal Festival Hall on South Bank acts as home to the Contemporary Art Society Market. Every year anyone seriously interested in contemporary art makes a point of visiting this show where well-known artists (this year's crop includes Bridget Riley, Maggi Hambling, Damien Hurst, Rachel Whiteread, and more) offer works priced between £100 and £2,000, with the CAS taking 30 per cent of the proceeds to spend on buying art for galleries. On the first morning 150 items sold for £80,000, but the work on the walls is constantly replaced.

Later this month, from November 16-22, the autumn Olympia starts. This fair has quickly established itself as a popular event, with around 230 dealers, many from the regions, taking space. Most exhibitors are offering a range of antiques priced between £50 and £5,000, directed towards Christmas shoppers.

The art market is acting as a faithful reflector of the economy – people are becoming more prosperous, but are reluctant to spend. Earlier this year, furniture sales benefited from the bonuses paid by certain City finance houses, with young executives spending some of their windfalls on choice Georgian and 19th century items, but 1994 has not been so prosperous in the City. Until the house market improves substantially, the demand for general decorative antiques will remain weak.

But at least the message is getting across that antiques make excellent furnishings, of better craftsmanship than modern examples and likely to hold, if not increase, in value. Sotheby's, which at one time was preparing to stop selling low-priced items, is doing very well with its Colonnade auctions, where few lots sell for more than £2,000. It brings new young buyers into the auction rooms, the private buyers who have underpinned the market in recent years.

Bonham's and Christie's, South Kensington, which specialise in this area, showed the greatest expansion last season, and Phillips, the largest player in this field with its network of regional auction rooms, also returned to growth, with its busiest autumn in prospect for four years.

The problems at Lloyd's have made surprisingly little impact: there have been fewer forced sales than anticipated, but those Lloyd's Names who annually invested their bonuses in a painting or a Sheraton desk are notably absent. Cork Street, home to many of London's leading dealers in modern and contemporary art, was a traditional hunting ground for the culturally inclined Names, and they have been much missed there.

But Cork Street has risen to the occasion by marketing itself more energetically, and on November 26 and 27 there is the third annual Open Weekend, with 19 galleries, from the mighty Waddingtons to the Atrium Bookshop, open for business all day Saturday and Sunday, putting on a happy, welcoming face.

One lesson the art and antiques trade has absorbed is that collectors are not prepared to spend lavishly at the moment. Leading dealers are concentrating on decorative works by popular artists, priced very competitively. Old Bond Street dealer Frost & Reed is preparing for pre-Christmas buying with a December show offering a selection of works of art all priced below £5,000.

Across the road, Agnew's has works by Whistler and Roussel, but prints rather than paintings. The biggest London dealer, Richard Green, is currently offering the ever popular Edward Seago while Colnaghi's has temporarily abandoned Old Masters in favour of watercolours by Wefe Deliss.

Another established name, Hazlitt, Gooden & Fox is showing contemporary portrait painters, including John Ward and John Sergeant, with an average price of around £5,000.

Roy Miles has the leading contemporary Russian artist, Sergei Chepik, who works in a traditional format, while Marlborough Graphics is offering new etchings on the theme of nursery rhymes by Paula Rego.

Anyone wanting to see the cutting edge of contemporary art can visit the Tate, where the short-listed artists for the Turner Prize are currently on show, but in the main this is a time of retrenchment, of massaging back to life nervous traditional buyers while hoping that enough of the new rich, who are surely out there, will catch the collecting bug.

The art world has experienced so many false dawns of a market revival that it has almost given up hope of a substantial upturn. It might have to settle for a slowly appreciating trade, built on connoisseurs rather than speculators, and less inclined to be seduced by a trend. It makes for a less profitable business but a more firmly based one.

Modern art convalesces

The market for major works of Impressionist and modern art is currently experiencing a long convalescence. In 1989 and 1990 it vigorously over-exerted itself, culminating in May 1990 with a rush of blood to the head which produced a record total for any art auction, $286m at Sotheby's, and a record price for any work of art, $82.5m at Christie's – for Van Gogh's portrait of his physician, Dr Gachet.

Within six months, demand, in particular Japanese demand which had fuelled the excesses, had disappeared, and the market has been in severe shock ever since. A year ago there were signs of revived spirits when a Matisse sold for $13.75m, and in anticipation of a recovery in May in New York, the auction houses gently raised their reserves and expectations. In the event the results were disappointing: it was like a patient over-estimating his strength. Next week's auctions in New York are more modest affairs, with sales at Sotheby's and Christie's combined unlikely to reach $85m.

Still, as always, the auction houses look on the bright side. The hundreds of $1m-plus paintings locked away in the vaults of Japanese companies are not being off-loaded on to the market to cause a second collapse in prices: their owners are reluctant to sell them cheaply and thus weaken their overall asset values. And the serious collectors of Impressionist and modern art are still interested.

But in this return to a non-speculative, connoisseur, market, buyers are very selective: they are prepared to wait for the finest examples of an artists' work at the best price. Anything second rate or less than fresh is spurned. Unlike Christie's, Sotheby's sold most of its lots in New York in May but 40 per cent went for below the low estimate.

So what of next week. The auctions are small – just 47 lots at Sotheby's, 59 at Christie's – and fairly modest. Prices generally are back to 1987 levels: vendors have finally accepted that they cannot expect 1989 prices. This means that few are anxious to sell: one of the main problems is an absence of star items to kick-start confidence.

Every picture has its own price at the moment it is sold, but for comparison's sake, a decorative small Picasso of a Harlequin and a monkey sold for $2.4m in 1989, but is now estimated by Sotheby's at £800,000-$1m. But one of the most important paintings in the auction, Miró's "Femme de la nuit" estimated at up to $4.5m, sold for $2.5m in 1986. Miró is an artist whose reputation has risen in the past decade.

Salerooms look on the bright side

The most appealing painting at Sotheby's, and the most expensive, is one of Modigliani's last portraits of his mistress Jeanne Hebuterne. She already looks pregnant, as she was when she committed suicide a few days after the artist's own death. It carries a $5m plus estimate but this is one of the best full-length Modigliani's to have appeared in recent years.

The highlight at Christie's is a Monet "Waterlilies". He painted the pond in his retirement home at Giverny hundreds of times but this is a rare circular format, one of only four, and Christie's hopes for between $4m-$6m, a modest estimate considering the last, conventionally shaped, example made $12m in 1991. The painting was acquired in 1946 by Miss Alice Tully, one of Manhattan's leading art patrons, from the French playwright Sacha Guitry, who bought it from Monet in 1914. Thus its provenance is excellent.

Christie's will be very anxious over this lot for it guaranteed Tully's heirs around $25m to secure the fixtures and fittings of her New York apartment. In a reversal of approach, Sotheby's is now reluctant to undertake financial risks in acquiring desirable properties for sale while Christie's is still prepared to take a gamble. If the Monet does not sell, Christie's is stuck with it. Fortunately Tully's furniture sold well last week so it can afford to take slightly less for this, her most important picture.

This week the auction room's sold major contemporary art in New York. This usually gives an indicator to the Impressionist sales but the signals were mixed, with Christie's having much the better evening. It brought in $14.56m (£8.8m) with 96 per cent of the pictures selling by value and 88 per cent by lot, an almost unprecedented success. Andy Warhol's silk screen portrait "Shot Red Marilyn", so called because a would be assassin shot the picture rather than the artist, made $3.6m (£2.2m), above target and not far off the $4.07m it fetched in 1989 at the market peak.

In contrast, Sotheby's sold its top lot, Roy Lichtenstein's "Pop" art icon, "I . . I'm Sorry", for $2.47m. (£1.5m.), but 40 per cent of the 66 lots on offer were unsold.

A.T.

PROPERTY / OUTDOORS

The chancellor holds the key

Simon London on whether the Budget could affect the prospects for the housing market

Anxious estate agents are among those awaiting with trepidation for the Budget to be announced at the end of this month by Kenneth Clarke, the chancellor of the exchequer.

Contrary to expectations, the housing market's bright start to the year did not last through the summer, and the National Association of Estate Agents found recently that two-thirds of its members had seen the market deteriorate through the autumn.

Yet, most economists agree that any further tinkering with mortgage interest tax relief is unlikely to have much impact. The phased reduction of relief to a rate of 15 per cent, announced in the March 1993 Budget, should already be factored into house prices. The greatest erosion of this tax break came late in the 1980s when the threshold was frozen – yet, the housing market continued to over-heat.

Optimists point out that the wider picture is favourable. Rarely have house prices been lower relative to average earnings: the average home now sells for 3.5 times earnings, having touched five times at the peak of the market in 1989.

The lesson of previous economic cycles is that house prices normally lag behind disposable incomes through recession but catch up quickly as recovery takes hold. So long as the chancellor keeps the economy on track, the argument runs, house prices should rise in line with earnings.

Against this seemingly compelling argument, other factors are at work:

■ Changing demographics mean that the number of people in their 20s will fall from 8.8m now to around 7.5m in 1999. This means fewer potential first-time buyers.

■ The average UK household is still carrying debts equivalent to more than a full year's income. This limits the potential for house-buyers to stoke up the market by taking out larger mortgages.

■ Banks and building societies, which tightened their lending criteria through recession, are still cautious.

Moreover, housing market forecasters disagree about how favourable the economic outlook really is. Stockbroker UBS believes economic growth will peak at 3.7 per cent in 1995 before falling back gently to 1.6 per cent in 1998. This leads it to expect average inflation of 6.5 per cent over the period and annual average earnings' growth of 8.4 per cent. Against this background, the UBS forecast that house prices will rise by 48 per cent over the next five years – or 8 per cent a year – seems reasonable.

Yet, others are much more cautious about growth and inflation. The Halifax building society expects inflation to average around 3 per cent to the end of the decade and house prices to rise by perhaps 5 per cent annually. Both UBS and Halifax see house prices broadly tracking average earnings, which tend to run at 1-2 percentage points higher than the rate of retail price inflation.

The forecasters themselves would admit that these numbers are of little help to people looking for property in a particular region or price bracket. In reality, the housing market is made up of many local markets which perform according to local economic conditions.

The top end of the market, for instance, is only a very small proportion of the whole – less than than 1 per cent of the UK's housing stock is valued at over £300,000. But prices in this sector have shown a sharp recovery already, even though the wider market is in the doldrums. According to agent Savills, prime London properties have risen by 28 per cent since the market trough in December 1992, with around 20 per cent growth this year.

The high bonuses earned by City professionals over the past year have helped this recovery. Agents also report renewed interest among overseas buyers of prime London property, although the role played by Russian mafia money has been greatly exaggerated.

Even away from London, where foreign buyers and City bonuses are less important, prices in the top tier have shown a marked recovery. Savills estimates that country house prices have risen by 11 per cent in the past two years, far outpacing the wider market.

The main reason for the rapid rise at the top end is shortage of supply. As one agent remarked this week, the supply of 18th century country houses was, by definition, "inelastic". Small changes in demand have a big impact on prices.

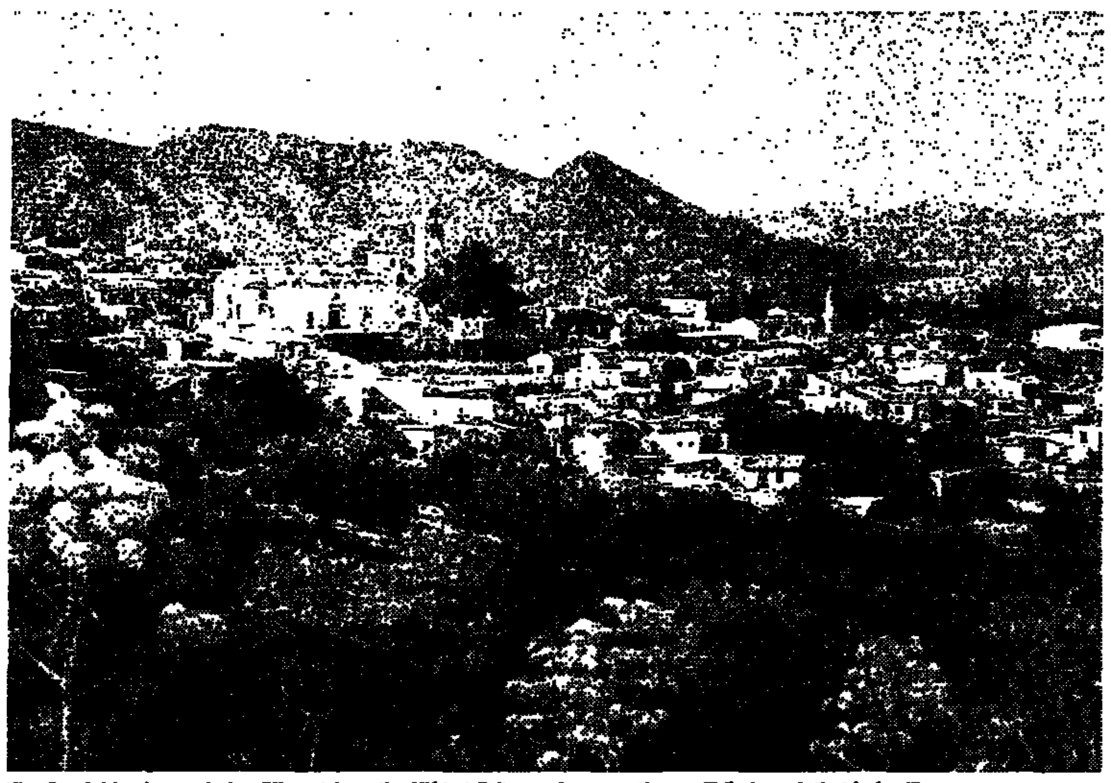
If the outlook for the economy remains good, there is every chance that prime residential property will continue to outperform the wider market.

The main risk is probably political: heavier taxation of high earners cannot be ruled out if there is a change of government after the next general election.

Meanwhile, estate agents everywhere are hoping that Clarke has no such surprises in store on November 29.

Sunny Cyprus, where the good life abounds

Gerald Cadogan finds plenty to attract house and flat buyers



The Cypriot landscape is far different from the UK but Britons who move there will find much that is familiar

The choice is straightforward if you plan to buy a holiday or retirement home in Cyprus: either a traditional village house, where you balance the good points of an older property against the possible drawbacks of life in a small community, or a house or apartment in an efficient new development.

Old houses are dearer and harder to find than a few years ago but still attract do-it-yourself enthusiasts who are happy to spend years improving the property – usually with help from local builders who speak English and have probably worked in Britain.

The developments, with their swimming pools and newly-planted trees, are plentiful and good value starting at around C£27,000. (A Cypriot pound is worth about £1.33 sterling).

People from the UK – including many British Cypriots – make up the majority of foreign house-buyers. They find many familiar things. Social systems and laws, even electric plugs, are much the same. Motorists drive on the left, and the retired are entitled to buy a car duty-free.

Everybody speaks English and has a relative in the UK – usually north London – and much business is done in that language rather than Greek. Thanks to a generous double taxation treaty, retired Britons can receive their pensions free of any UK withholding tax and will pay Cypriot income tax at only 3 to 5 per cent, a tenth of the local rate, with the first C£2,000 exempt.

Buying is surprisingly easy. Foreigners can purchase a flat or house with up to two donums (2,675 sq metres) of land or a building plot not exceeding that size. The island's Council of Ministers must give permission, but normally this is a formality so long as you show an annual income of £8,000.

You must pay with funds brought into the country. If you decide to sell up and leave, you can take the purchase price with you (plus any gain at a rate of C£10,000 a year).

You are liable to pay capital gains tax on any indexed profit above C£10,000. The long-established land registry guarantees title.

The land registry's transfer fee (5 to 8 per cent of the declared value) is unavoidable, as is 1.5 per cent stamp duty. Annual property taxes and dustbin collection charges are low, however.

Possible water cuts to homes in the summer (which tourists in hotels do not experience) are the only snag for buyers. Always inquire about the supply.

Paphos, in the south-west of the island, is good for new developments and also has the advantage of its own airport. (The main one is at Larnaca, in the south-east.) The beaches are sandy, the climate sunny and warm, and the Roman mosaics stunning.

The Nicosia-Limassol motorway is advancing to Paphos. When it is finished in two or three years, making it easy for Nicosia people to commute every weekend, property prices are bound to rise, so now is a good time to buy. Many have. "There must be 5,000 Brits around Paphos," says Michael Cartwright of Leptos Estates, a Paphos-based developer which has built 6,000 units already.

Leptos bought 250 acres of hillside and planted them with trees to make Kamares Village, where a two-bedroom detached villa may cost C£56,000. If you do it from scratch, plots start at C£25,000 and building from around C£46,000. Owners have a clubhouse and pool. High and facing west, Kamares is ideal for watching sunsets and is cooler than down by the harbour.

Among other Paphos developments by Leptos is Tremythia Gardens. It is being built around a clump of *tremythia* (pistachio) trees, which are a protected species. Flat prices start at C£27,000.

Another developer of repute is Cybarco, part of the Lanitis group of companies, which has projects from Larnaca to Paphos. They include Asomatos Villas (plots from C£17,200 and villa construction from C£58,000) in the orange plantations between Limassol and the British military bases at Episkopi (army) and Akrotiri (RAF).

The smell is heavenly when the trees are in flower. In winter, flamingos visit the Akrotiri salt lake.

Along the road to Paphos, the views from Cybarco's Pissouri Villas (C£46,700 to C£63,900), on the hill above Pissouri village, encompass rich vine country, the sea and the Troodos massif where Cypriots escape to be cool, eat trout and look at painted Byzantine churches.

In a traditional house, the basic unit is a long hall of stone or stone and mud-brick. Roughly-shaped ceiling beams support a packing of clay and reeds or straw. If there is an upper storey, it has a stone floor and a high ceiling for coolness. The stairs are outside. Often, several of these buildings, of different heights, are set around a courtyard.

If you can find one, a restored house can cost from C£60,000 to C£80,000, says Paphos agent Renos Pitros. Unrestored, they are cheaper, especially if inland. A C£5,000 shell 20 miles from Paphos could cost £25,000 near the town, with restoration costs of C£20,000 to C£30,000.

■ *Further information: in Paphos – Cybarco (236 337), Leptos Estates (233 775) and Renos Pitros (235 344). In London – Cybarco (071-436 3881) and Leptos (081-340 8096).*

■ The FT is organising a Special Invitation visit to Cyprus in April-May 1995. See page XIII.

Plotter's house for sale

How appropriate that the house where the gunpowder plot was organised comes to market today, 389 years after Guy Fawkes tried to blow up King James I.

The house is at Ashby St Ledgers in Northamptonshire, and belonged to the Catesby family. Robert Catesby, a stout Roman Catholic, held the planning meeting in the gatehouse, tradition says.

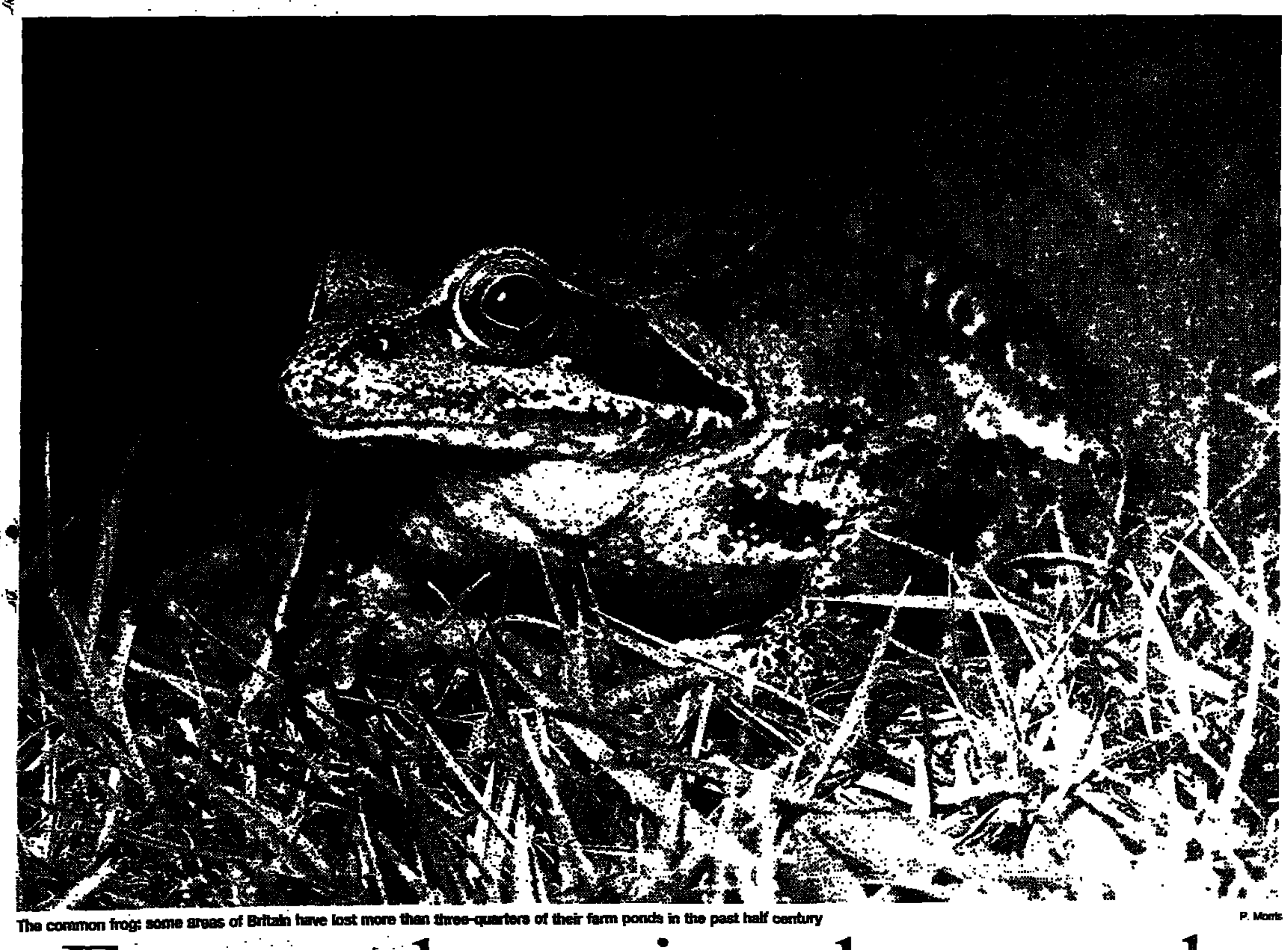
When the plot failed, Catesby and the other conspirators rushed the 80 miles from London to Ashby St Ledgers.

Much of the present house is the work of Sir Edwin Lutyens, albeit working in a 17th century mode; but Catesby's house survives with fine 17th century panelling, as does the half-timbered gatehouse.

Lutyens also designed the gardens which include a canal garden, statue garden, temple and an early 20th century version of a packhorse bridge.

This imposing house with 32 acres has 10 bedrooms and numerous outbuildings. The price from Lane Fox (01295-273592) is £2m.

Gerald Cadogan



The common frog: some areas of Britain have lost more than three-quarters of their farm ponds in the past half century P. Morris

Frogs at home in urban ponds

Michael J. Woods on a country dweller forced to change its habits

The advent of the zinc drinking trough fed by clean piped water, spelt the end of field ponds on most farms. Some were simply neglected and allowed to silt up, others were deliberately filled, adding field area to the farm and allowing the removal of trees, which shaded crops.

Other ponds were allowed to fill with pollutants, such as silage effluent. The outcome has been bad news for frogs along with other freshwater species. Some areas of Britain have lost more than three-quarters of their farm ponds in the past half century and there is now a dearth of frogs in the countryside.

But where the country frog has lost, the town frog has gained, for the popularity of garden ponds and the relative safety of gardens for amphibians has ensured that the frog population has boomed in urban areas.

Many breeding adults successfully survive from year to year and, come the spring, join their own progeny to lay spawn among the water lilies beneath the spray of fountains and the stony gaze of fishing gnomes. In some ponds there are fish to feed on the hatchlings, in others great diving beetles, newts and even the larvae of dragonflies that have made their home there and relish the spring harvest of tadpoles.

But ponds harbouring few predators, in areas where there is little to eat the adults, have seen a population explosion of spawn which can be of such magnitude that the pond almost becomes a single quivering mass of jelly.

Meanwhile those with new ponds are generally keen to see frogs move in and many County Wildlife Trusts now run a scheme encouraging those with too much spawn and those with little or none to get in touch with each other.

Frogs can live to be eight or nine but may take three years to reach sexual maturity so that new ponds may need the introduction of spawn for up to three years before frogs readily find and return to them.

At the same time, ponds must be cared for in order to prevent an accumulation of dead leaves and to keep the water sufficiently oxygenated to support tadpoles. Eventually, of course, the new owner has a seasoned, well-used pond and may then become a donor of spawn.

Unfortunately, now that frogs are comparatively common in gardens, their loss from the countryside is tending to go unnoticed.

But the loss of any pond is of concern to conservation organisations and to the National Rivers Authority, which is keen on conserving ponds and the wildlife which lives in them.

Ironically, desperate frogs, unable to find anywhere more suitable, sometimes leave their spawn, unfertilised, in the new drinking troughs. But at least this would be good news for the goldfish living in one trough I know.

Gardening

Trees that make winter bearable

Ignore the part-timers, says Robin Lane Fox

The tree season is ending in most people's gardens but not in mine, where my favourites are at their best. They suit small or large gardens, they grow anywhere and, apart from owner apathy or a rare attack of honey fungus, nothing seems to bother them. And my top three have long seasons – they are not limited to a fortnight's flower or only five months' leaf.

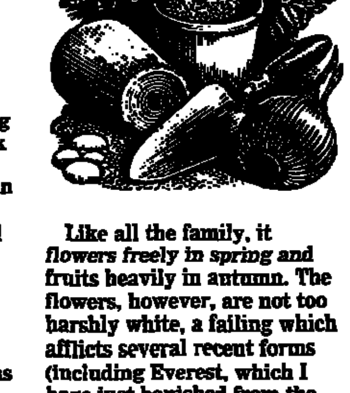
Those choosing trees need to know that they can be miserable part-timers. Yes, mulberries are romantic, ash trees have been turning a seductive shade of yellow and robinias are exciting because they flower. As a garden's main trees, however, I disqualify all of them. They are so late into leaf that they miss the main thrust of spring entirely. I do not want to look on the bare branches of a mulberry as the garden's main focus in mid-May.

In smaller gardens, I would much rather look out on to sorbus Vilmorinii. Never believe that sorbusses are nothing more than mountain ashes which can be seen in any old garden. Vilmorinii has leaves which are cut prettily and, in spring, open punctually to a fine greyish-green, while the main stem stands up straight.

It belongs in a front garden, beside a small lawn, or on the edge of an urban boundary. You can plant round and under it and you know it will not grow much more than 10-12ft with a modest, open spread of branches. It flowers late in May without being special but, just now, it is ending six weeks of distinction. In autumn, Vilmorinii turns a bright reddish-purple and covers itself with clusters of pink-white berries.

In a bigger garden, I would have to have the robust sorbus hupehensis, too, for its bigger, greyer leaves and taller shape. Vilmorinii, however, seems to be a better fruiter: its one fault this year is that young trees have cropped so heavily that their upper stems have bent over and snapped.

While Vilmorinii's shape is upright and lightly branched, my second favourite bends over and develops a rounded head. The malus family contains dozens of good garden trees besides cultivated apples but, to my eye, malus Red Sentinel is simply the best in a modest space.



Like all the family, it flowers freely in spring and fruits heavily in autumn. The flowers, however, are not too harshly white, a failing which afflicts several recent forms (including Everest, which I have just banished from the main garden).

With time, other excellent maluses, especially the prolific Florabunda, become upright and rather untidy. In its early years, Red Sentinel will seem to droop, as if hit by a strong wind. Be patient, because it will broaden out into a loosely-rounded head on a standard stem.

It has pretty leaves which do not become drab as summer advances and it has particularly pretty scarlet fruits. So do some of the others, but Red Sentinel is the one which will last in fruit from October right on into March, trebling the interest in these difficult months.

By the end, the fruits are slightly battered, but I would much rather see them than not. It is an excellent grower and, if you allow enough width for its head, it would look charming anywhere.

My companion for it is taller but is about to enter its unsurpassed season of duty. Last year, the winter cherries were amazingly beautiful in a winter that never really brought a sharp frost to turn them brown. This year, the omens look promising and, in three weeks, prunus subhirtella autumnalias will be at its best.

In older age, the trees can become quite wide and tall; but you can always prune them lightly and encourage them upwards, not outwards, if you are worried they will overshadow too much of their surrounds. I would not be deterred by lack of space from trying them at the edge of a front yard which could stand a height up to 25ft after 12 years or so. Clipping can take care of the sideways shading.

This wonderful tree remains my first choice and should not be excluded because of its possible span when older. It is controllable. And nothing else will give you such clouds of white flower waiting to be picked and brought indoors (where they will last quite well), to be replaced by yet more buds in intervals between the winter frosts.

There are other winter cherries, but only this variety has the ability to send out yet more buds beyond the first flowers when they happen to be caught in cold weather. Anyone can grow it and nurseries will supply it as a bush, rather than a tree, if the dimensions bother you.

There is, however, one important bit of knowledge. This winter cherry also has a pink form but, for some reason, it does not flower so promptly in the winter and often refuses to open until early March. By then, it is only one among many.

So, be sure to insist on the white-flowered form so that you do not lose the five-month season of flower which puts this tree above any easily-grown rival.

COUNTRY PROPERTY

RETIREMENT

LONDON PROPERTY

LONDON PROPERTY

LONDON RENTALS

INTERNATIONAL PROPERTY

CYPRUS

EXHIBITIONS

INTERNATIONAL RENTALS

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HOW TO SPEND IT

Smaller numbers on your telephone bill

***Peter Knight** looks at the large and complex variety of saving schemes*

Hurrah for the free market. Some of the political promises made at the time BT was privatised are finally coming true – competition in the *domestic telephone* market really is driving down the cost of talking.

Business has already benefited but now householders can cut their phone bills quite substantially by using alternative telephone companies or subscribing to the discount schemes offered by BT.

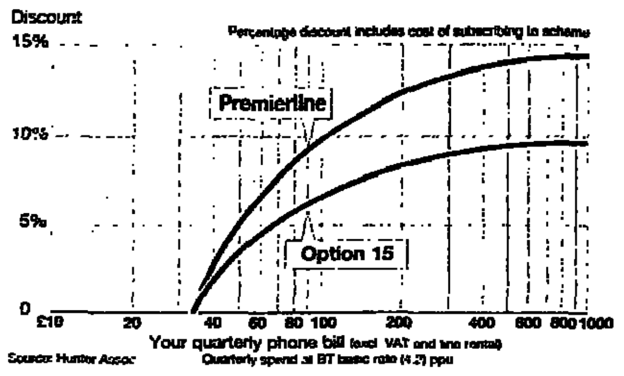
Mercury, the well-established UK telephone company owned by Cable & Wireless; Energis, owned by the National Grid, and the cable television companies, offer telephone services to homes, usually with promises of cheaper long-distance calls and charging by time rather than unit.

This competition, as the privatisation theorists promised, has forced BT to improve its service, reduce the cost of long-distance calls and offer a range of discount options. You can even collect air miles on your telephone account.

But this does not mean that life is any easier. On the contrary, we have lost the glorious simplicity of the old GPO days when everyone was expected to rejoice at the privilege of owning a phone no matter what the quality and cost of the service. Now we have a range of savings options that, at first sight, seem complex enough to flummox Gary Kasparov.

Telephony has become a commodity business and the telephone companies compete primarily on cost. Some offer better services, such as highly detailed bills, but for most of us the main reason for using another service would be because it is cheaper.

How much can be saved on BT's discount schemes



Unless you subscribe to cable television that also offers telephone services, you cannot escape BT altogether because BT provides the main infrastructure on which the other carriers piggyback. This means that as soon as you use an alternative carrier you will have two bills, one from BT and another from your chosen alternative. Take the cost and hassle of subscribing to two services into account when making cost comparisons.

Also remember that BT offers a range of discount options to suit all sorts of customers from the very low user to the terminally loquacious. These discounts are based on the volume of calls, so if you shift some of your calls to another carrier, then the rate of discount from BT will be smaller. More on this later.

Most people have very definite telephone needs and calling habits. Here are some rule-of-thumb suggestions to reduce your bill, calculated to meet the needs of four different types of customer.

■ *Local calls only*

Stick with BT and investigate some of their discount schemes. The new carriers are competing mainly in the long-distance and international sectors. The only exception is if you have cable television and that company offers telephone services – then you could dispense with BT altogether, but compare charges first.

If you spend less than £35 a quarter, join BT's Light User Scheme, over that amount, then look at some of the other BT schemes.

■ **Local calls and long distance *calls to one person***

If your bill is below £100 a quarter and local calls are the biggest cost, then it is probably sensible to stay with BT and use its Family and Friends discount scheme (see below) if it is offered in your area. If the bill is mainly made up of *long-distance or international* calls, then look at an alternative carrier.

■ **Bills of more than £100 a quarter with lots of long-distance calls**

If long-distance calls are contributing most of the cost, then you can save by using an alternative carrier, such as Mercury or Energis. Depending on the age of your local BT exchange, you could also benefit from better services (such as fully *itemised bills) by using a car*rier other than BT.

If you want to stay with BT, then look at the discount schemes that are aimed at you. But remember, if you use both BT and an alternative carrier, you will reduce the savings made on the BT discount schemes.

■ **£100-plus bill made up mostly of long-distance and overseas calls**

Investigate another carrier immediately, but check that the rates for the region of the world you are calling regularly is competitive with BT. If you call the US mainly, then check out the call-back schemes offered by some specialist operators who advertise in the FT.

BT DISCOUNT SCHEMES

■ **Light User Scheme.** Rebate offered for customers who spend less than £10 a month.

■ **Friends and Family.** Provides a 5 per cent discount on five nominated telephone numbers, which can include one international number. Only open to those customers whose local exchange provides full itemised billing. One-off joining fee of £4.99.

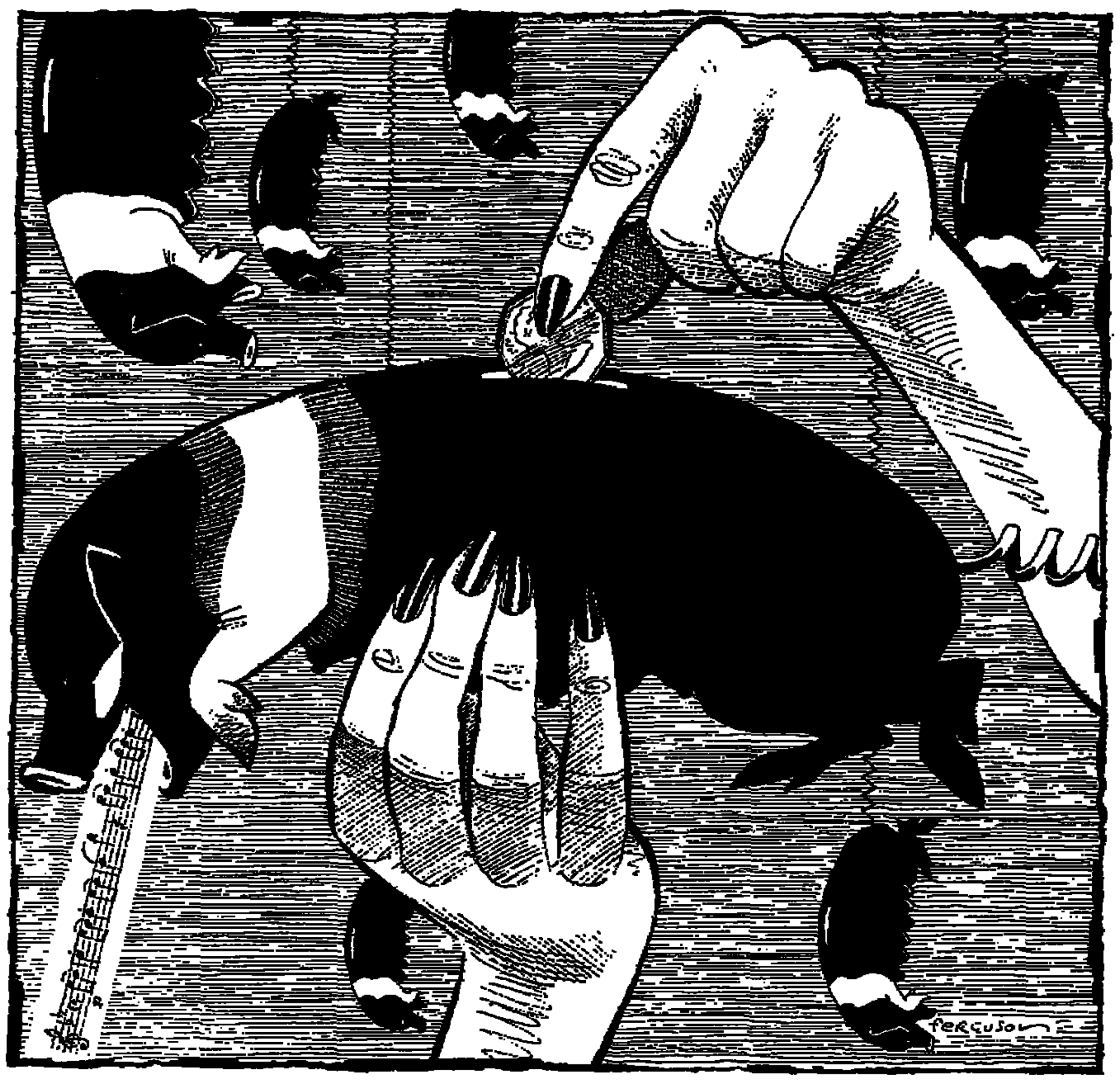
■ **Option 15.** Designed for customers with quarterly bills of over £40 and promises a 10 per cent discount. Quarterly fee of £4. Dr John Hunter of Hunter Associates, specialists in telephone call charges, says the actual savings once the charge has been included in the equation is less than 5 per cent on a bill of £50 a quarter and around 7 per cent on £100 bill.

■ **Premier Line.** Designed for those with regular bills over £100 a quarter. Provides up to 15 per cent discount on direct-dialled calls and customers can accumulate "Talking Points" which can be exchanged for gifts or air miles. Annual fee of £24. Once this fee has been included in the calculations, Hunter estimates that the scheme will give about 10 per cent savings on a bill of £100 a quarter. Savings rise with the size of the bill, but you will have to spend about £1,000 a quarter before you achieve 15 per cent.

BT also offers a range of discount options to business. These might be worth investigating if you make a lot of business calls from home, but remember that you will have to re-classify your line as business to take advantage of these discounts, and that costs more.

It might be worth buying a calculator before you start to work out your options.

■ *Information: BT – dial 150. Mercury: Freecall 0500 200 960 Energis: 0800 162 162.*



Rough times for cashmere

***Lucia van der Post** explains why prices of the luxurious fabric will rise*

The relationship between the supply and demand of cashmere, that softest, lightest, warmest, most delectable of fibres, has always been a delicate one. When the two are in harmony the knitwear manufacturers and we, the customers, can enjoy stable prices and steady supplies. When they are out of kilter, then there is trouble – or, more precisely, there is expense.

In Scotland, where the combination of pure water, finest *yarns and know-how produce* the best knitwear, there is considerable agitation. The tranquil years of stable prices seem to have to come an end. The Chinese, who have been the sole suppliers of that ineffably soft down from under the neck of the cashmere goat, have finally become highly successful competitors in the textile market.

The Chinese economy is booming and refined, luxurious shops such as Ermenegildo Zenga are opening in Beijing at quite a pace. Private enterprise is being encourage and there is now a very efficient, very hungry textile business. Hong Kong has invested heavily in mainland China and now that Hong Kong itself has become an expensive place to manufacturer, more manufacturing is being done in China.

There is not enough raw material to go round and most suppliers have already put their prices up by 15 per cent. It seems certain they will rise further.

The big players – companies such as Dawson and Johnstons of Elgin – which do everything from treating the fleeces to designing, manufacturing and retailing, can absorb some of the extra costs along the way. The smaller producers who are involved in only one or two processes have to make a return at every level.

James Sugden of Johnstons says that: "Until supply and demand come into balance this nonsense will go on." Ultimately, he believes, Chinese wages and costs will rise, mak*ing their own costs nearer* those of Scotland. "In the meantime we have to look at margins, efficient distribution, service and design if we are going to have a chance of competing."

To keep costs down many companies are looking at mixing cashmere with other materials – Pringle has had a particular success with its cashmere and silk and cashmere and cotton mixes. Mail *order has also grown in the* wake of pressure on margins and there is a host of companies now selling classic designs by post.

Meanwhile in Scotland, some farmers are experimenting with farming their own cashmere-producing goats. The first garments made from Scottish *cashmere are already on the* shelves of top stores in Tokyo, Edinburgh, Paris and New York. Belinda Robertson, for instance, has used it for a special limited edition. All should bear a swing ticket saying they *are made of Scottish cashmere.*

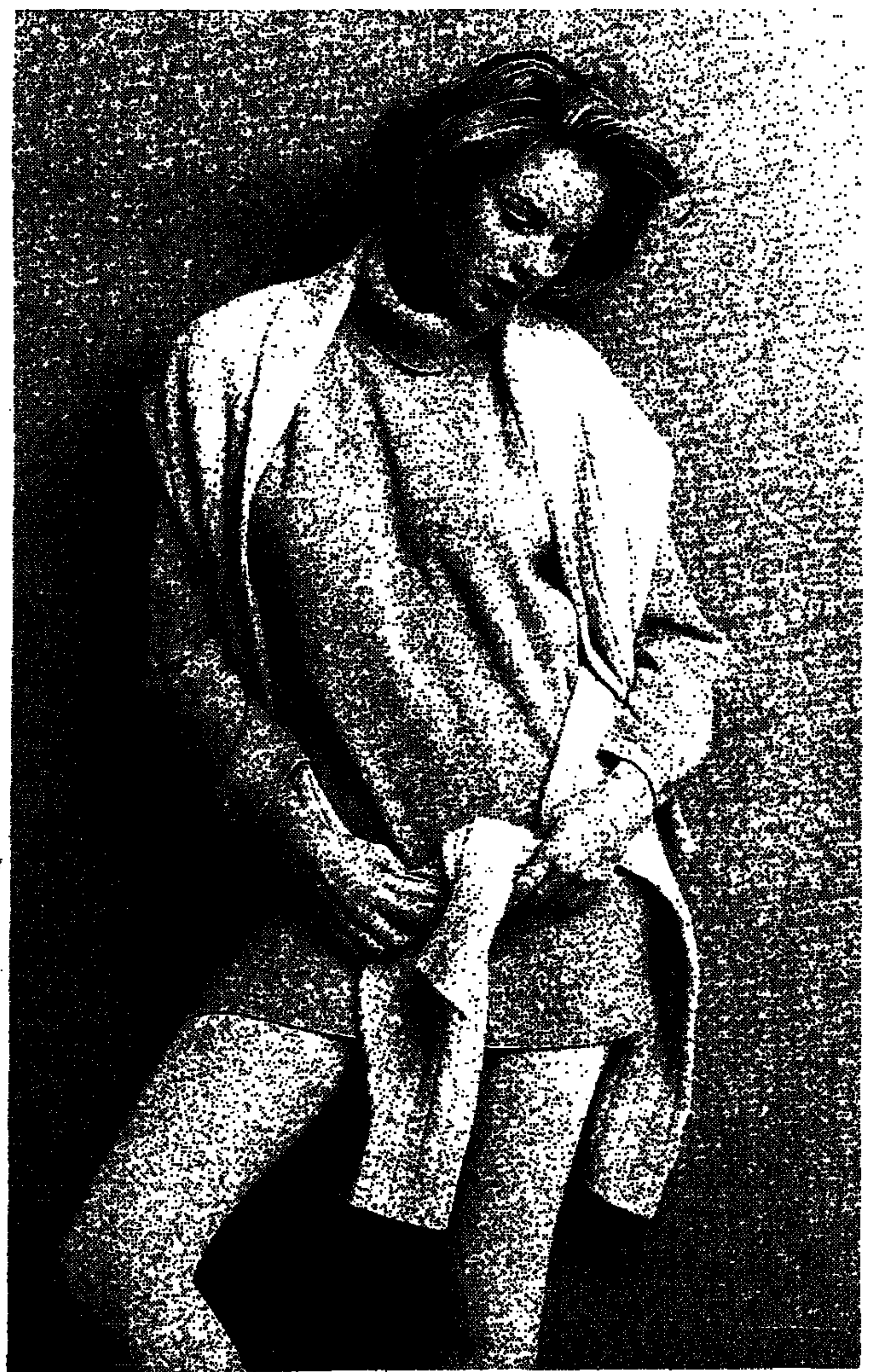
Even so, if you fancy some cashmere this winter, the message is: hurry. There is nowhere for prices to go but up.

■ The Cashmere Store, 2, *Saint Giles Street,* Edinburgh EH1 (Tel: 031-225 5178) sells classic cashmere knitwear – cardigans, V-necked jumpers, that sort of thing, by mail order at good prices. £149 for a two-ply cashmere cardigan, £99 for a V-necked sweater.

■ Brora, 7a Filmer Road Studios, 75 Filmer Road, London *SW6, sells classic* knitwear, jumpers and V or high-necked cardigans at the best prices around, £110 each. Men's cardigans are £145, waistcoats £135. There is a mail order service.

■ Elizabeth Stanbury of 7, *Bridge Street, Hungerford,* Berkshire and 37, Upper Brook Street (first floor, just ring the bell), London W1 offers a charming personal service. Her two shops have sofas, a warm welcome and a willingness to make any design in any colour the customer fancies. There are easy country styles and sophisticated town ones. You could spend a little (for cashmere!), for example £60 on a small scarf, or a lot, up to £1,750 for a silk-bordered king-size 100 per cent cashmere blanket.

■ *Madeleine Trehearne, of* whom I wrote in the summer, has just come back from India with another batch of her exquisitely soft and luxurious Shahtoosh, Toosh, and Pashmina shawls. In fashionable *shops they start at £1,600 and* go on up to £2,500 a time but Madeleine, because she sells them from her own home and has only her own and her partner's travelling costs to cover, sells items from £600, for the Pashmina, to £1,200, for the finest of them all, the Shahtoosh. There are lots of colours and designs but I think much the nicest are the plain caramel coloured ones. Ring her on 071-435 6310 for an appointment to view and buy.



Cashmere by Barrie Knitwear – rollneck long sweater, £235, ribbed sweater round shoulders, £300, round the waist, £309. In black, pearly grey, platinum grey, ecru or natural, available from Space NK Earlham Street, London WC2 and other Barrie Knitwear stockists

FASHION

A laddish hi-tech style for town and country

*Nick Ashley inherited a famous fashion name. Now he has his own shop, writes **Richard Rawlinson***

Nick Ashley, son of Laura and Bernard Ashley, tried to introduce menswear into the Ashley store chain at least twice during his 15-year reign as the company's design director. Each time, the grey suits in the boardroom stamped on the idea, perhaps rightly concluding that mixing floral frocks with men's clothing would not work.

Having left the family company two years ago, 37-year-old Nick has decided to go it alone and at last has achieved his long-held dream and opened his own menswear business.

One might expect the heir of industrial tycoons to have no shortage of cash to throw at a new venture. But, just as Laura and Bernard began by designing dresses on their kitchen table, Nick has had to start on a small scale. He has funded the venture himself and says that, in spite of recent reports about vast inheritances, his "net worth is little more than what I'm standing up in", though he still owns some shares in the old family company.

The shop is small and unassuming though not "in a way that shows some trendy, Shaker influence, it looks more like a Welsh pub". It is in an unglitzy part of town at 57 Ledbury Road, Notting Hill, west London and there have been no fancy interior designers – "just a lick of paint, keeping it minimalist" and no marketing men designing clever logos. The carrier bags are plain brown.

Nick's design philosophy is based around "old styles for modern living". He is specialising in practical, durable outerwear, ideal for the sporting life and wet and windy weekends in the country. However, he wants to erode the differences between town and country clothing by combining the purely functional with urban style and comfort. The resulting cocktail could be described as gamekeeper-meets-motorcycle courier or Mulberry-meets-Dr Marten Clothing.

The clothing sometimes seems amateur and home-made, what the Japanese call a "high-touch product" but Nick, whose hobby is motorcross racing when he is at his country home in Wales, is excited by this concept and believes he has discovered a niche in the market.

"I designed the collection for myself and my friends," he says from his flat in Kensington, London, which he shares with his wife, Ari, and 2½-year-old daughter, Lily. "I want to do away with the need for separate wardrobes for town and country, one sophisticated and one frumpy."

The collection includes reefer coats, drape coats, tailored hacking jackets, cotton trousers, fleece work shirts and accessories such as shoes, boots, hats, gloves and retro-style motorcycle helmets and goggles. The predominant colours are black and navy, although traditional country greens and browns are available.

Prices range from £60 for a shirt to £350 for a jacket.

However, the collection's most novel feature lies in its use of fabrics. Nick has taken high-performance fabrics, such as Ventile and Polartec, used by mountain climbing clothing specialists, and applied them to everyday outerwear. By doing so, he has cut out the need for the oily, smelly weather-proofing treatments so prevalent in much huntin', shootin' 'n' fishin' clothing. In effect he has borrowed the technology of tough practical, functional clothing and smartened the designs up, giving them a fashionable, but not too fashionable, edge.

"Clothes," says Nick, "should not say too much about you. People who wear corduroy trousers, tweed jackets, poplin shirts and brogues are immediately pigeon-holed as public school types. My kit functions well out of doors but it does not give off any social message."

Nick studied fashion at St Martin's College of Art and Design where he was a contemporary of Rifat Ozbek. But he claims he learnt most about clothes, and tailoring in particular, while working part-time for the late Tommy Nutter, the Savile Row bespoke tailor.

When he was design director at Laura Ashley he built a team of 10 designers into 60 as the company expanded into more and more areas. By the time he left, his department was responsible for 2,500 fabrics each year and the company had 450 shops around the world. However, in spite of his background in the family business, his plans for his own label are more modest.

He has inherited a distrust of wholesaling clothes from his parents and he claims he will only offer consumers the range through his own shops. "My parents wasted 20 years wholesaling through the 1950s and 1960s," he says, quoting the much-used retail dictum: "Sales are for vanity but profit is for sanity."

He knows his clothes will never appeal to the mass-market – laddish types rather like himself are his main target – so he has no designs on the high street. He plans ultimately to expand internationally with just one shop in each of several important cities – if London is a success he will look for a more central shop and after that will come New York, San Francisco, Paris, Milan and Tokyo.

His father Bernard, who is still running Laura Ashley, is at hand to offer marketing advice. That company began life with the forgettable name of Bernard Ashley Fabrics Limited. Bernard changed to the more romantic Laura Ashley only when his wife wanted to design nighties. "Dad refused to put his name to anything so sissy," says Nick.

■ *Richard Rawlinson is acting editor of Fashion Weekly.*

ABOVE LEFT
Nick Ashley in an ultra lightweight mac, £215, black short-sleeved T-shirt, £17, black, cotton drill trousers, £48 and black R. Williams leather jodhpur boots, £160. All from Nick Ashley, 57, Ledbury Road, London W11.

ABOVE
Black suede washable jacket, £375, worn over cotton jersey shirt with a formal collar, £36, a white cellular T-shirt, £17, and black cotton drill trousers, £48.

LEFT
Green reefer jacket, £225 and green fleece workshirt, £65.

Chess No 1046: Black won the game and the brilliancy prize by 1 . . . Ne2+ 2 Kg2 Bf3+! 3 Kxf3 Qh5+ 4 Kg2 f3+ 5 Kh1 Qxh2+ 6 Kxh2 Rh6 mate.

TELEVISION

SATURDAY

BBC1

7.00 Lassie. 7.25 News. 7.30 Pingu. 7.35 Happy Birthday. 7.45 Marlene Marlowe Investigates. 8.05 Albert the Fifth Musketeer. 8.30 The New Adventures of Superman. 9.15 Live and Kicking.

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. Including at 12.20 Football Focus: A review of the week's European matches. 12.50 News. 12.55 Racing from Chepstow: The 1.00 Swalec Handicap Chase. 1.10 Motor Racing: Final practice for the Japanese Grand Prix. 1.20 Rugby League. 1.25 Racing: The 1.30 Tote Silver Trophy (Handicap). 1.45 Netball: England v South Africa. The second of a five-match series from Wembley. 1.55 Racing: The 2.00 Rising Stars Pattern Novices Chase. 2.10 Netball. 2.50 Rugby League: Great Britain v Australia. Live coverage of the crucial Second Test from Old Trafford. 3.45 Football Half-Times. 3.55 Rugby League. 4.40 Final Score. Times may vary.
5.15 News.
5.25 Regional News and Sport.
5.30 Steve Wright's People Show. Mirth, music and general mayhem, including special guests Lulu, Kylie Minogue and Lily Savage. Last in series.
6.10 Bruce Forsyth's Generation Game. Another edition of the fun-filled family game show.
7.10 Noel's House Party. Bonfire Night special from Crinkley Bottom, including a guest appearance by Little and Large, and opera star Lesley Garrett receiving a Gotcha Oscar.
8.00 Casualty. Josh ventures into an unstable coal mine to treat an injured worker, and Ash is horrified to become the subject of a police investigation in the wake of the anti-racist demonstration. A supermarket security guard is admitted suffering from bites inflicted by a teenage shoplifter – but why doesn't he want to press charges?
8.50 News and Sport; Weather.
9.10 Film: The Untouchables. Kevin Costner stars as federal agent Eliot Ness, leading the crusade against police corruption and underworld crime in 1920s Chicago. Thriller, with Sean Connery (1987).
11.05 Match of the Day. Des Lynam and the team analyse highlights of two top matches in the FA Premiership.
12.05 The Danny Baker Show.
12.45 Film: The Yakuza. Violent action thriller, starring Robert Mitchum (1975).
2.35 Weather.
2.40 Close.

BBC2

8.05 Open University. 10.00 Chanakya.(English subtitles). 10.40 Style Byte. 10.50 Network East. 11.20 Bollywood or Bust! 11.50 Film 94 with Barry Norman. 12.20 pm Film: Venetian Bird.

1.50 Timewatch. In-depth examination of the origins of the first world war, profiling key figures whose actions decided the fate of millions. Last in series.
2.50 Film: A Double Life. An actor becomes obsessed by the role of Othello and murders a woman he believes to be Desdemona. Oscar-winning theatrical drama, starring Ronald Colman (1947).
4.30 Tennis: British Championships. Sue Barker introduces the women's singles final from the Telford Tennis Centre. Commentary by John Barrett.
5.15 TOTP2.
6.00 Late Again. Highlights from last week's editions of The Late Show.
6.45 What the Papers Say.
7.00 News and Sport; Weather.
7.15 Assignment. Allan Little reports how the collapse of the Berlin wall five years ago has led to bitter border disputes in eastern Europe.
8.00 Later with Jools Holland. New series. Jools is joined by award-winning band Suede, American guitarist and songwriter J.J. Cale, former Special Terry Hall, Irish accordionist Sharon Shannon, and Youssou N'Dour.
9.00 Have I Got News for You. Comedy news quiz, with captains Paul Merton and Ian Hislop, and guests comedian Arthur Smith and writer/musician Richard Coles.
9.30 Performance: Measure for Measure. David Thacker's adaptation of Shakespeare's dark comedy about a duke who takes drastic action to stem a rising tide of sexual licence and immorality among his subjects. Tom Wilkinson and Corin Redgrave star.
11.20 Last Word. Germaine Greer hosts a topical debate from a female perspective. Guests include Anne Leslie and Janet Street-Porter.
12.05 Film: It Happened Here. Speculative wartime drama about what might have happened if the Germans had won the Battle of Britain and occupied the country. Pauline Murray stars (1963).
1.40 Animation Now.
1.45 Uncut. New series. Unedited footage filmed by ordinary members of the public.
2.15 Film: The Surfer. Thriller, with Gary Day (1986).
3.45 Grand Prix. Japanese Grand Prix.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Speakeasy.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Movies, Games and Videos. Review of Mary Shelley's Frankenstein, starring Robert de Niro as the man-made monster. Plus, Tombstone, and Free Willy on video, and new games release Super Return of the Jedi.
1.40 WCW Worldwide Wrestling.
2.30 Saint's Soccer Skills. Ian St John continues to pass on tricks of the trade with the help of top pros.
2.50 Brand New Life.
3.50 Murder, She Wrote.
4.45 ITN News and Results; Weather.
5.05 London Today and Sport; Weather.
5.20 Baywatch. Mitch agrees to enter a dangerous dune buggy race, unaware his co-driver is using the event as a cover to smuggle priceless Mexican relics across the border into America.
6.10 Gladiators. Brave contestants from Blackpool, Helmshore, Lee-on-Solent and Newport Pagnell compete in the first quarter-final of the combat game show.
7.10 Blind Date. Cilla Black plays Cupid to another group of hopefuls vying to be whisked off on a romantic trip.
8.10 Family Fortunes. The Dunns from Hull engage in a battle of wits with the Bola family from Surrey in a bid to win big cash prizes and a luxury saloon car.
8.40 ITN News; Weather.
8.55 London Weather.
9.00 Film: Runaway Train. Jon Voight and Eric Roberts star as escaped convicts who stow away on board a freight train – unaware it is out of control. Action adventure, with Rebecca De Mornay (1985).
11.00 Film: The Last Survivors. Martin Sheen and Tom Bosley star in this tense drama about shipwreck survivors facing a terrifying life-or-death decision (TVM 1975).
12.20 Love and War.
12.50 Toxic TV.; ITN News Headlines.
2.50 The Big E.; ITN News Headlines.
3.45 European Nine-Ball Pool Masters.
4.45 BPM.

CHANNEL4

5.00 4-Tel On View 6.35 Early Morning 9.45 Blitz. 11.00 Gazzetta Football Italia. 12.00 Sign On: A Question of Leadership. 12.30 pm The Great Maratha.(English subtitles) 12.55 Third Avenue.

1.15 Racing from Doncaster. Coverage of 1.25 Remembrance Day Stakes, 1.55 Charles Sidney Mercedes Benz Serlby Stakes, 2.30 Tote Credit November Handicap, and the 3.05 Coalite Dragon Handicap.
3.30 Film: Saddle the Wind. A rancher (Robert Taylor) reluctantly straps on a pair of six-shooters to stop his wild and unbalanced younger brother (John Cassavetes) raising hell on the range. Western drama, also starring Donald Crisp and Charles McGraw (1958).
5.05 Brookside.
6.30 Right to Reply. Roger Bolton presents viewers' opinions about television.
7.00 A Week in Politics. An interview with Malcolm Rifkind MP, who discusses Britain's future defence policy; News Summary.
8.00 For Love or Money. Investigation into the widespread faking of 18th century Wedgwood plaques, talking to dealers and collectors taken in by clever forgeries. Plus, the secret history of upholstery over the past two centuries, and the lowdown on chandelier restorers.
9.00 Brides of Christ. Sister Paul leaves the convent to attend a family wedding – and promptly falls hopelessly in love with a radical ex-priest. Brenda Fricker, Lisa Hensley and Simon Burke star.
10.05 Rory Bremner: Who Else? Satirical comedy and impersonations.
10.45 Film: Quartier Mozart. Jean-Pierre Bekolo's gentle fantasy set in suburban Cameroon, chronicling the humorous consequences of a mischievous young girl's magical transformation into a man. With Serge Amougou, Essindi Mindja and Jimmy Biyong. Part of the Cinema Cinema season (1992).(English subtitles).
12.10 Late Licence.
12.20 Herman's Head.
12.50 Butt Naked.
1.25 Let the Blood Run Free.
1.55 The Apollo Theatre Hall of Fame.
3.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Movies, Games and Videos. 1.05 Anglia News. 1.10 Not Quite Human. (TVM 1987) 2.55 Knight Rider. 5.05 Anglia News and Sport 11.00 BL Stryker: The King of Jazz. (1990)

BORDER: 12.30 Movies, Games and Videos. 1.05 Border News. 1.10 Stuntmasters. 1.40 Superstars of Wrestling. 2.25 Hot Wheels. 2.55 Knight Rider. 5.05 Border News and Weather 5.15 Border Sports Results. 11.00 BL Stryker: The King of Jazz. (1990)

CENTRAL: 12.30 America's Top 10. 1.05 Central News 1.10 The Munsters Today. 1.40 Movies, Games and Videos. 2.10 SeaQuest DSV. 3.05 The Fall Guy. 4.00 WCW Worldwide Wrestling. 5.05 Central News 5.10 The Central Match - Goals Extra. 8.55 Local Weather. 11.00 I'm Gonna Git You, Sucka. (1988)

CHANNEL: 11.30 COPS. 12.00 The ITV Chart Show. 1.05 Channel Diary. 1.10 Yesterday's Heroes. 1.40 Thunderboat Row. (TVM 1989) 3.30 Cartoon Time. 3.45 Knight Rider. 5.05 Channel News. 5.10 Puffin's Pla(i)ce. 11.00 Crime Story.

GRAMPIAN: 12.30 Abair Spors 1.05 Grampian Headlines. 1.10 Telefios. 1.40 Eileanan Ionmhais. 2.10 Donnie Murdo. 2.35 Rin Tin Tin. Hero of the West. (1955) 4.05 Superstars of Wrestling. 5.05 Grampian Headlines. 5.10 Grampian News Review. 5.15 Police News. 8.55 Grampian Weather. 11.00 BL Stryker: The King of Jazz. (1990)

GRANADA: 12.30 Movies, Games and Videos. 1.05 Granada News 1.10 Stuntmasters. 1.40 Superstars of Wrestling. 2.25 Hot Wheels. 2.55 Knight Rider. 5.00 Granada News 5.05 Granada Goals Extra. 11.00 BL Stryker: The King of Jazz. (1990)

HTV: 12.30 No Naked Flames. 1.05 HTV News. 1.10 Best of British Motor Sport. 1.40 Yesterday's Heroes. 2.10 Cartoon Time. 2.20 Movies, Games and Videos. 2.50 The A-Team. 3.45 Knight Rider. 5.05 HTV News and Sport 8.55 HTV Weather. 11.00 BL Stryker: The King of Jazz. (1990)

MERIDIAN: 11.30 COPS. 12.00 The ITV Chart Show. 1.05 Meridian News. 1.10 Yesterday's Heroes. 1.40 Thunderboat Row. (TVM 1989) 3.30 Cartoon Time. 3.45 Knight Rider. 5.05 Meridian News. 11.00 Crime Story.

SCOTTISH: 12.30 Extra Time. 1.05 Scotland Today. 1.10 Faith, Hope and Calamity. 1.40 Telefios. 2.10 Dogs to the Rescue. (1972) 3.40 Sons and Daughters. 4.10 Take Your Pick. 5.05 Scotland Today 11.00 Asylum. (1972)

TYNE TEES: 12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 1.10 The Fall Guy. 2.05 Next to No Time. (1958) 3.45 Knight Rider. 5.05 Tyne Tees Saturday 11.00 Everybody's All-American. (1988)

WESTCOUNTRY: 12.30 Movies, Games and Videos. 1.05 Westcountry News. 1.10 Red River. (1948) 3.45 Dinosaurs. 4.15 No Naked Flames. 5.05 Westcountry News 8.55 Westcountry Weather. 11.00 BL Stryker: The King of Jazz. (1990)

YORKSHIRE: 12.30 Movies, Games and Videos. 1.05 Calendar News. 1.10 The Fall Guy. 2.05 Next to No Time. (1958) 3.45 Knight Rider. 5.05 Calendar News. 5.10 Scoreline. 11.00 Everybody's All-American. (1988)

SUNDAY

BBC1

7.30 Stinky Bill. 7.55 Playdays. 8.15 Breakfast with Frost. 9.15 Decisions. 9.30 This is the Day. 10.00 See Hear! 10.30 French Experience. 10.45 Easy Money. 11.00 The 11th Hour.

12.00 CountryFile.
12.25 Weather for the Week Ahead; News.
12.30 On the Record.
1.30 EastEnders.
2.50 Film: Columbo: Double Shock. Ruthless twins exploit the murderous potential of electrical bathroom appliances. Detective drama, starring Peter Falk and Martin Landau.
4.00 Biteback.
4.40 Junior Masterchef. Alastair Little and Janet Street-Porter judge the culinary efforts of contestants in the third and final semi-final.
5.10 The Bookworm. Peter Scudamore analyses Dick Francis's racing thrillers, and Victoria Wood reports on a campaign to save Britain's libraries from closure.
5.40 The Clothes Show. An exhibition of street fashion at the Victoria and Albert Museum, and the work of New York designer Donna Karan.
6.05 News.
6.25 Songs of Praise. Pam Rhodes introduces highlights of a show recorded at London's Victoria Palace Theatre.
7.00 Children in Need: Lighting the Touch Paper. Emma Forbes visits a charity fireworks display in Darlington and reports on other fund-raising events held so far.
7.10 Lovejoy. Charlotte asks Lovejoy to establish the disputed ownership of a 17th century communion chalice.
8.00 Vintage Last of the Summer Wine.
8.30 Birds of a Feather. Chris's unexpected weekend leave from prison infuriates Tracey, while his model behaviour arouses wife Sharon's suspicions.
9.00 Seaforth. Paula lies to protect husband Bob, whom the police suspect of being involved in a number of burglaries.
9.50 News and Weather.
10.05 The Full Wax.
10.35 Heart of the Matter. The conflict of interests between tourists who flock to the countryside and landowners who claim ramblers cause environmental damage.
11.15 Film: Alfie. Comedy drama, starring Michael Caine as a cockney wide-boy in the swinging '60s who takes great pride in his sexual conquests. With Millicent Martin and Jane Asher (1966).
1.00 Weather.
1.05 Close.

BBC2

6.45 Film: The Delicate Delinquent. 7.30 Grand Prix. 9.30 Bitsa. 9.45 The Stone Protectors. 10.05 Time-Busters. 10.30 Grange Hill. 10.55 The Legend of Prince Valiant. 11.20 Bay City. 11.45 The O Zone. 12.00 Quantum Leap. 12.45 pm Snowy River: The McGregor Saga.

1.30 Around Westminster.
2.00 Film: Kiss Me Kate. Lavish adaptation of Cole Porter's Broadway musical smash about a husband and wife who appear in a stage show together. Howard Keel and Kathryn Grayson star (1953).
3.50 Tennis: British Championships. The men's singles final from the Telford Tennis Centre. Commentary by John Barrett and Mark Cox.
5.15 Rugby Special. Highlights of Harlequins v Gloucester from the Stoop, and the clash between Swansea and the touring South Africans at St Helens. Plus, the best of the Pilkington Cup ties.
6.15 One Man and His Dog.
7.00 The Money Programme. Michael Robinson investigates the tensions caused by the vast economic gap between the rich EU member states and former eastern bloc nations, and examines how the dream of a united and prosperous Europe following the dismantling of the Berlin wall is fading rapidly.
7.40 Video Nation Weekly. New series. Members of the public record their own experiences of the past week on camcorder.
8.00 The Fall of the Wall. Part two. Contributors including Mikhail Gorbachev and former east German Politburo members reveal how a bureaucratic error led to the collapse of the Berlin wall.
8.50 Strings, Bows and Bellows. Mezzo-soprano Lore Lixenberg performs an extract from Sin Medida, Venezuelan composer Julio d'Escrivan's musical setting of poems by Luis E. Perez Oramas.
9.00 Grand Prix. Highlights of this morning's Japanese Grand Prix, the penultimate round of the drivers' and constructors' championships.
9.50 Timewatch. New series. A reassessment of the Spanish Inquisition, challenging the common view that it was a terrifying system of torture run by ruthless fanatics.
10.40 Film: Rosencrantz and Guildenstern are Dead. Premiere. Adaptation of Tom Stoppard's comic stage play about two minor characters in Shakespeare's Hamlet. Starring Gary Oldman and Tim Roth (1990).
12.45 Close.

LWT

6.00 GMTV. 8.00 The Disney Club. 10.15 Link. 10.30 Sunday Matters. 11.00 Morning Worship. 12.00 Sunday Matters. 12.30 pm Crosstalk; London Weather.

1.00 ITN News; Weather.
1.10 Walden.
2.00 The Mountain Bike Show. New series. Profile of Sheffield rider David Baker, and race highlights from Margam Park near Port Talbot, Wales.
2.30 Saint's Soccer Skills.
2.45 The Sunday Match. Portsmouth v Derby County. Live First Division coverage from Fratton Park as two of the biggest clubs outside the Premiership battle for the three points that could haul them back into the promotion race.
5.15 Father Dowling Investigates.
6.10 London Tonight; Weather.
6.30 ITN News; Weather.
6.40 Schofield's Quest. Reg Presley of the Troggs discusses crop circles, and 81-year-old Ellen Walker describes her lifelong battle to be recognised as the daughter of Henry Morley, who went down with The Titanic in 1912.
7.30 Heartbeat. The discovery of wartime ammunition buried near Adensfield presents Nick with a potentially explosive situation. Greengrass devises a novel fishing technique, and Kate helps avert a tragedy.
8.30 You've Been Framed!
9.00 London's Burning. The discovery of an unexploded bomb opposite Blackwall, and a protest about dangerous driving in the area, combine to prevent the Blue Watch firefighters reaching a tragic house blaze.
10.00 Spitting Image. New series. The latex caricatures return with more merciless satire.
10.30 ITN News; Weather.
10.40 London Weather.
10.45 The South Bank Show. Analysis of the Frankenstein legend, tracing its evolution from Mary Shelley's 1818 novel to Kenneth Branagh's new big-screen adaptation, which co-stars Robert de Niro as the man-made monster.
11.45 You're Booked!
12.15 Cue the Music.
1.15 Married - With Children.
1.45 Get Stuffed; ITN News Headlines.
1.50 Film: Like Mom, Like Me. Emotional drama, starring Linda Lavin (TVM 1978).
3.40 Get Stuffed; ITN News Headlines.
3.45 Film: Hobson's Choice. Adaptation of the classic novel. Sharon Gless stars (TVM 1983).

CHANNEL4

6.00 Blitz. 7.10 Early Morning. 10.00 Dennis. 10.15 Saved by the Bell. 10.45 Rawhide. 11.45 Little House on the Prairie. 12.40 pm Ryan Giggs Soccer Skills.

1.15 Football Italia. AC Milan takes on Parma at the San Siro stadium.
3.30 Film: Tess of the Storm Country. A Scottish girl living in Pennsylvania finds new romance after pollution from the local chemical plant causes her fiance's death. Melodrama, starring Diane Baker (1960).
5.05 Belfast Lessons.
5.20 News Summary.
5.25 Film: Dr Who and the Daleks. Peter Cushing takes on the mantle of the eccentric time-traveller in this big-screen spin-off from the TV series. With Roy Castle (1965).
7.00 Equinox. Investigation into aspects of the rave scene, examining the lighting and video technology that contributes to the experience, as well as the long-term effects of the dance drug ecstasy. The programme also enlists the help of top bands Orbital and Future Sound of London to analyse how rave music is made, and its influence on popular culture.
8.00 Beyond the Clouds. A man condemned to death for drug dealing, and a youngster's fight against cerebral palsy. (English subtitles).
9.00 Dead Lucky. Account of former detective chief superintendent Roy Ranson's search for Lord Lucan, the prime suspect in the November 1974 murder of nanny Sandra Rivett. Ranson pieces together Lucan's movements in the final hours before his disappearance, and tries to answer the most baffling question of all – did he go on the run or commit suicide?
10.00 Film: Hollywood Shuffle. Robert Townsend directs and stars in this satirical comedy about a young black actor's efforts to make it big in Tinseltown. With Anne-Marie Johnson (1987).
11.35 The Turner Prize: Private View. Journalists Sarah Kent, John Walsh and Cosmo Landesman visit London's Tate Gallery to examine the short-listed entries for the prestigious award.
12.05 Film: La Gente De La Universal. Premiere. Black comedy thriller. Alvaro Rodriguez and Jennifer Steffens star (1993). (English subtitles).
2.10 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:–

ANGLIA: 12.30 Bodyworks. 12.55 Anglia News. 2.00 Highway to Heaven. 2.55 Kick-Off! 4.00 Scalawag. (1973) 5.45 Anglia at War. 6.15 Anglia News on Sunday 10.40 Anglia Weather. 11.45 Street Legal.

BORDER: 12.30 Gardener's Diary. 12.55 Border News. 2.00 Scotsport. 3.15 Best of British Motor Sport. 3.45 The Thanksgiving Promise. (TVM 1986) 5.30 Coronation Street. 6.25 Border News. 11.45 Prisoner: Cell Block H.

CENTRAL: 12.30 Central Newsweek. 12.55 Central News 2.00 Xpress. 2.30 The Central Match – Live! 4.55 Gardening Time 5.20 It's Your Shout. 5.55 Hit the Town. 6.25 Central News 10.40 Local Weather. 11.45 Prisoner: Cell Block H.

CHANNEL: 12.30 Reflections. 12.35 Rendez Vous Dimanche. 12.50 Telejornal. 2.00 Cartoon Time. 2.10 The Pier. 2.35 The Listings. 2.40 The Meridian Match – Live! 5.25 Dinosaurs. 5.55 The Village. 6.25 Channel News. 11.45 The Pier.

GRAMPIAN: 11.00 Deanamaid Gairdeachas. 11.45 Spiorad. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Scotsport. 3.15 Yesterday's Heroes. 3.45 Badminton Grand Slam. 4.45 Cartoon Time. 4.50 Pick a Number. 5.20 Movies, Games and Videos. 5.50 Wild West Country. 6.20 Appeal. 6.25 Grampian Headlines. 6.30 Grampian Weather. 10.40 Grampian Weather. 11.45 Prisoner: Cell Block H.

GRANADA: 12.25 Granada on Sunday. 12.55 Granada News 2.00 The A-Team. 2.55 The Granada Match – Live! 5.20 Cartoon Time. 5.30 Coronation Street. 6.25 Granada News 11.45 Prisoner: Cell Block H.

HTV: 12.25 The Wrap. 12.55 HTV News. 2.00 On the Edge. 2.30 Midweek. 3.00 The West Match. 3.30 Carry On Behind. (1975) 5.10 Cartoon Time. 5.25 History on Canvas. 5.55 Dinosaurs. 6.25 HTV News. 10.40 HTV Weather. 11.45 Prisoner: Cell Block H.

MERIDIAN: 12.30 Seven Days. 12.50 Meridian News. 2.00 Cartoon Time 2.10 The Pier. 2.35 The Listings. 2.40 The Meridian Match – Live! 5.25 Dinosaurs. 5.55 The Village. 6.25 Meridian News. 11.45 The Pier.

SCOTTISH: 11.00 Deanamaid Gairdeachas. 11.45 Elkon. 12.30 Scotland Today. 12.35 Skoosh. 2.00 Scotsport. 3.15 Vanishing Act. (TVM 1986) 5.00 Knight Rider. 5.50 Michael Ball. 6.20 Scotland Today 6.25 Appeal. 10.40 Scottish Weather. 10.45 Don't Look Down. 11.30 The South Bank Show

TYNE TEES: 12.25 Newsweek. 12.55 Tyne Tees News. 2.00 Highway to Heaven. 2.55 Li Robin Crusoe USN. (1966) 5.00 Dinosaurs. 5.30 Animal Country. 6.00 Tyne Tees Weekend. 11.45 New Visions.

WESTCOUNTRY: 12.30 Westcountry Update. 12.55 Westcountry News. 2.00 Hot Wheels. 2.30 Vet. 3.00 The Scarlet Pimpernel (TVM 1982) 5.30 Father Dowling Investigates. 6.25 Westcountry News 10.40 Westcountry Weather 11.45 Prisoner: Cell Block H.

YORKSHIRE: 12.25 Kickabout. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 Li Robin Crusoe USN. (1966) 5.00 Dinosaurs. 5.30 Animal Country. 6.00 Calendar News and Weather 10.40 Local Weather 11.45 New Visions.

RADIO

SATURDAY

BBC RADIO 2
6.00 Sujata Barot. 8.05 Brian Matthew. 10.00 Judi Spiers. 12.00 Hayes on Saturday. 1.30 The News Huddlines. 2.00 Martin Kelner on Saturday. 4.00 Nick Barraclough. 5.00 Shawn Colvin in Concert. 6.00 Reading Music. 7.00 The Golden Days of Radio. 7.30 Russian Ballet Classics. 9.30 Carlo Curley in Concert. 10.00 Sheridan Morley. 12.05 Ronnie Hilton. 12.35 Adrian Finighan. 4.00 Sujata Barot.

BBC RADIO 3
6.30 Open University: Access to Maths. 6.55 Weather. 7.00 Record Review. 9.00 Building a Library. 10.15 Record Release. 12.00 Spirit of the Age. 1.00 Table Talk. New series. The Indian spice routes. 1.20 Celebrity Recital. 3.00 Vintage Years. 5.00 Jazz Record Requests. With Geoffrey Smith. 5.45 Music Matters. Dublin's musical connections. 6.30 Lulu: Alban Berg's opera after Frank Wedekind. 9.50 Blue Sides. New series. The workings of the human mind. 10.20 Anything Goes! Songs by Cole Porter and Duke Ellington. 11.00 Impressions. Featuring the UMO Jazz Orchestra from Finland. 12.30 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Today.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 I'm Sorry I Haven't a Clue.
1.00 News.
1.10 Any Questions?.
2.00 Any Answers? 071-580 4444. Listeners' comments.
2.30 Playhouse: The Lucan File. Mike Walker's adaptation of James Ruddick's play.
4.00 That's History.
4.30 Science Now.
5.00 File on 4.
5.40 Another View from the Fish Queue.
6.00 News and Sports.
6.25 Week Ending.
6.50 The Locker Room.
7.20 Kaleidoscope Feature. Craft furniture.
7.50 Heart and Soul.
9.05 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Quote Unquote.
10.45 Chocolate Nuns and Firebombs. Comic reminiscences of 1968 Paris.
11.00 Richard Baker Compares Notes.
11.30 Death Comes Staccato. Gillian Slovo's detective mystery.
12.00 News.
12.33 Shipping Forecast.
12.43 (LW) As World Service.
12.43 (FM) Close.

BBC RADIO 5 LIVE
6.05 Dirty Tackle.
6.30 The Breakfast Programme.
9.05 Weekend with Kershaw and Whittaker.
11.05 Special Assignment.
11.35 Crime Desk.
12.00 Midday Edition.
12.15 Sportscall.
1.05 Sport on Five.
5.00 Sports Report.
6.05 Six-O-Six.
7.35 Saturday Edition.
9.05 Asian Perspective.
9.35 The Gossip Column.
10.05 The Treatment.
11.00 Night Extra.
12.05 After Hours.
2.05 Up All Night.
4.00 Grand Prix Special.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times BST:
6.00 Morgenmagazin. 6.30 Europe Today. 7.00 World News. 7.15 Waveguide. 7.25 Book Choice. 7.30 People and Politics. 8.00 World News. 8.09 Words of Faith. 8.15 A Jolly Good Show. 9.00 World News and Business Report. 9.15 Worldbrief. 9.30 Development 94. 9.45 Sports Roundup. 10.00 Printer's Devil. 10.15 Letter from America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From the Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin. 12.00 World News. 12.09 Words of Faith. 12.15 Multitrack Alternative. 12.45 Sports Roundup. 1.00 Newshour. 2.00 News Summary; Sportsworld. 4.00 World and British News. 4.15 BBC English. 4.30 Heute Aktuell. 5.00 News Summary. 5.05 Waveguide. 5.15 BBC English. 6.00 Newsdesk. 6.30 Heute Aktuell. 7.00 News and features in German. 8.00 World News. 8.10 Words of Faith. 8.15 Development 94. 8.30 Jazz for the Asking. 9.00 Newshour. 10.00 World News. 10.05 Words of Faith. 10.10 Book Choice. 10.15 Meridian. 10.45 Sports Roundup. 11.00 Newsdesk. 11.30 A Tapestry of Sounds. 12.00 World and British News. 12.15 Good Books. 12.30 The John Dunn Show. 1.00 News Summary; Play of the Week: The Widowing of Mrs Holroyd. 2.00 Newsdesk. 2.30 Creeds, Councils and Controversies. 3.00 World and British News. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 Michael Aspel. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 David Jacobs 4.00 A Royle Tour 4.30 Sing Something Simple. 5.00 Charlie Chester. 6.30 Ronnie Hilton. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Steve Madden. 3.00 Alex Lester.

BBC RADIO 3
6.55 Weather. 7.00 Sacred and Profane. 8.55 Choice of Three. 9.00 Brian Kay's Sunday Morning. 12.15 Music Matters 1.00 The BBC Orchestras. 2.35 Wagner. 3.00 Young Artists' Forum. 4.30 Berlin Symphony Orchestra. Schubert, Poulenc, Schumann. 5.45 Making Waves in Berlin. With Humphrey Carpenter. 6.30 On the Banks of the River Seine. French music from the 12th and 13th centuries. 7.30 The Sunday Play: The Spanish Tragedy. By Thomas Kyd. 9.10 Music In Our Time. Jan Rokus van Roosendael, Mario Garuti, Jonathan Harvey, Franco Donatoni, Paolo Perezzani. 10.10 Choir Works. Handel. 12.30 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude
6.30 Morning Has Broken
7.00 News
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday
8.50 The Week's Good Cause
9.00 News
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers
11.15 Mediumwave.
11.45 Four Corners
12.15 Desert Island Discs
1.00 The World This Weekend.
2.00 Gardeners' Question Time
2.30 Classic Serial: Resurrection.
3.30 Pick of the Week.
4.15 Analysis.
5.00 Hack on the Cut.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback
6.30 Children's Radio 4.
7.00 In Business. How companies cope with low inflation.
7.30 Opinion
8.00 (FM) That's History
8.00 (LW) Writer's Weekly
8.30 (FM) Reading Aloud
8.30 (LW) The French Experience
9.00 (FM) The Natural History Programme
9.15 (LW) Mitchell Am Rhein
9.30 (FM) Costing the Earth
9.45 (LW) Short Stories in Spanish
10.00 News
10.15 Journeys to Imaginary Places.
10.45 Still Lives
11.15 In Committee.
11.45 Seeds of Faith.
12.00 News.
12.30 Shipping Forecast.
12.43 (LW) As World Service.
12.43 (FM) Close

BBC RADIO 5 LIVE
6.00 Morning Reports.
6.30 The Breakfast Programme.
9.00 Witchell on Sunday
12.00 Midday Edition.
12.15 The Big Byte.
1.05 Top Gear.
1.35 On the Line
2.05 You Cannot Be Serious!
3.05 Sunday Sport.
6.05 Jim and the Doc.
7.00 News Extra.
7.35 The Acid Test.
8.00 The Ultimate Preview.
10.05 Special Assignment.
10.35 Crime Desk.
11.00 Night Extra.
12.05 Nightcall.
2.05 Up All Night.

WORLD SERVICE
BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m) at these times BST:
6.00 News and features in German. 6.30 Jazz For The Asking. 7.00 World News. 7.15 Wood, Guts and Brass 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 World News 8.09 Words of Faith. 8.15 The Greenfield Collection. 9.00 World News and Business Review. 9.15 Seeing Stars. 9.30 Folk Routes. 9.45 Sports Roundup 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 News Summary; Play of the Week: The Widowing of Mrs Holroyd. 1.00 Newshour. 2.00 News Summary; Turning Point. 2.30 Anything Goes. 3.00 World News. 3.15 Concert Hall. 4.00 World and British News. 4.15 BBC English. 4.30 News and features in German. 5.00 World News and Business Review. 5.15 BBC English. 6.00 Newsdesk. 6.30 News and features in German. 8.00 World News. 8.10 Words of Faith. 8.15 Printer's Devil. 8.30 Europe Today 9.00 Newshour. 10.00 World News and Business Review. 10.15 Meridian. 10.45 Sports Roundup 11.00 Newsdesk. 11.30 Turning Point. 12.00 World and British News. 12.15 Top Scores 12.30 In Praise of God. 1.00 News Summary; Voltaire. 1.45 Wood, Guts and Brass. 2.00 Newsdesk 2.30 Composer of the Month 3.00 World and British News. 3.15 Sports Roundup. 3.30 Anything Goes. 4.00 Newsdesk. 4.30 BBC English. 4.45 Fruhmagazin

CHESS

Valery Salov scored a political as well as a chessboard success this week when he followed up his victory at Tilburg by winning first prize at Buenos Aires. Salov is a semi-finalist in the Fide world championship. It is rumoured that the Greek candidate for the Fide presidency, who is supported by Garry Kasparov, plans to abort the championship as part of a rapprochement with Kasparov's breakaway Professional Chess Association.

Salov is a persistent PCA critic who is not even on speaking terms with the world no 1, but his growing reputation makes it harder for Fide to consider stopping its championship in mid-race.

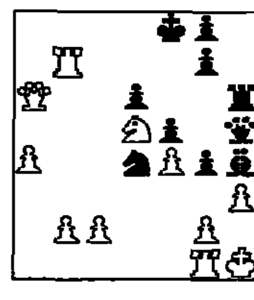
The biennial Fide teams olympiad, during which the presidential election is held, has been switched from Greece to Moscow with backing from Kasparov supporters. After some fraught negotiations Nigel Short is likely to play No 1 for England. This is good news for Duncan Lawrie, the private bankers which has who *have supported the England* team from also-rans in 1978 to silver medals in the 1980s.

In spite of the elimination of Short and Michael Adams from the PCA world championship, England still has five of the top 50 ranked grandmasters, a total surpassed only by Russia. If the England squad can cope with December in Moscow, they will again be contenders.

Chess primers warn against early pawn hunting with the queen, and here White quickly refutes Black's dubious strategy (J Bellon, White; C Garcia, Black; Benasque, Spain, 1994).

1 d4 Nf6 2 Nf3 c5 3 d5 b5 4 Bg5 Bb7 5 Bxf6 exf6 6 e4 Qe7? a6 is better. 7 Be2 Qxe4? 8 Nc3 Qb4 9 0-0 a6 10 a4! c4 11 axb5 Qxb2 Black's queen has captured the two most traditionally poisoned pawns.

12 Qd4 Bb4 13 Qe3+ Kd8 14 *Qb6+ Kc8 15 Na4 Qxc2 16 d6* Resigns. If Bxd6 17 Qxd6 Qxe2 then 18 b6 renews the mate threat at c7 and 18...Kd8 19 Qc7+ Ke8 20 Rfe1 wins the errant queen.



No 1046

Swan v Molet, Guernsey Open 1994. Black (to move) is threatened with Qa8+ and if Qd8 Nc7+. Can he avoid defeat?

Solution Page XXIV

Leonard Barden

BRIDGE

Defensive Bridge Play Complete by W.S. Root, originally published in the US, has been produced by Robert Hale at £17.99. It is expensive, but its 400 pages deal with every aspect of defence. Listen to the author on Opening Leads: "The bidding sometimes indicates that the best opening is from a suit combination you would not normally choose. If you do choose such a suit, you must select the right card."

	N	
	♠ A 10 9 8	
	♥ J 4	
	♦ 7 6	
	♣ A Q J 10 2	
W		E
♠ K J 5		♠ 7 4 3
♥ 9 8 5 2		♥ A 6 3
♦ A J 3		♦ Q 9 8 5 2
♣ 7 6 4		♣ 9 5
	S	
	♠ Q 6 2	
	♥ K Q 10 7	
	♦ K 10 4	
	♣ K 8 3	

At love all North deals and bids one club. South replies one heart. North rebids one spade. South jumps to two no trumps. North raises to three.

What should West lead? A diamond seems reasonable – it is the un-bid suit. Your partner may well have five cards to an honour. Which card must you lead? The three will block the suit. The right card is the knave, but the ace will also work. You start with the knave, on which your partner drops an encouraging nine. Declarer wins with the king. He plays five rounds of clubs. The spade ace awaits, but he must look to hearts for the two extra tricks. When East wins with his ace, he returns the diamond five, you take with your ace and lead the three to defeat the contract.

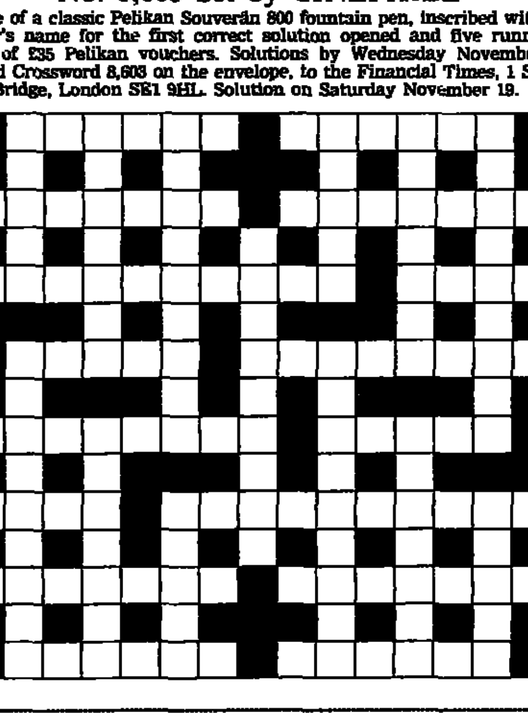
I recommend this book. It is instructive and stimulating.

E.P.C. Cotter

CROSSWORD

No. 8,603 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday November 16, marked Crossword 8,603 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Saturday November 19.



Name...

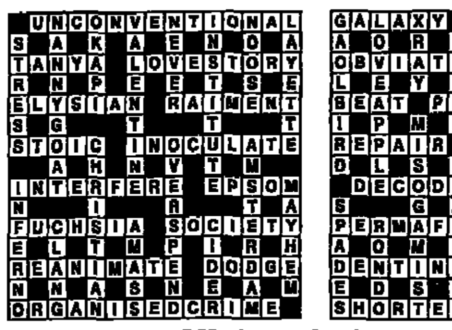
Address...

ALPHABETICAL JIGSAW

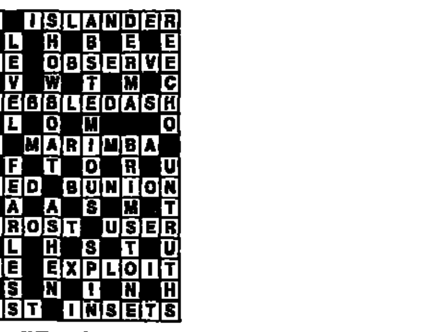
Method: solve the clues and fit the solutions into the diagram jigsaw-wise, wherever they will go

A Relatively benign (9)
B A match with the Lions? (3,4)
C Togetherness of man in centre and north country's extremes (9)
D Princess has old sixpence – that's all – for shareholders (9)
E Damage to the marrow by aerator (9)
F Parisienne, maybe fatal, should be searched for (5)
F Ate quarter share of food from Europe in future? (10)
G Watches TV to protect the eyes? (7)
H Lots of women? Run a mile! (5)
I 100 is 10 in a pub, which means a cut (8)
J Place for Sunday lunch? (5)
J,P Tool for problem such as this (6,6)
K Ken moved a step back – with Pat and Ella? (7)
L Doctor in genuine backing for food store (6)
M From Samos Ulysses went by the Tigris (5)
M Volatile Roman counterpart of Hermetic? (9)
N Small boys' tool (7)
O Walking place for the euphoric when broadcasting? (2,3)
P See J
Q It sounds like a clue to a wharf (4)
R Withdraw to parley again? (7)
S Left start of play in disquiet to get roof attachment (10)
T Cross (when retiring) painting with poetry (8)
U Get together with you before dark, say (5)
V Space traveller makes a very good half (7)
W Shoot a lunatic in the arm – with a bolt? (4-3)
X Tool for surgeons to make cross on burst tyres (6)
Y Call at your home for starters (2-2)
Z Breezy garments? (7)

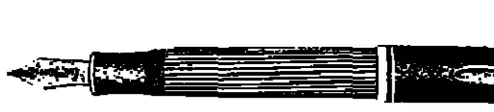
Solution 8,602



Solution 8,591



WINNERS 8,591: G.M. Crum, Norwich; R. Bayliff, Edinburgh; J. Marsden, Tunbridge Wells, Kent; J.R. Pilcher, Mytchett, Surrey; D. Richardson, Bedford; J.R. Wells, Lee-on-Solent, Hants.



Drunk as a philosopher

Fancy a quick drink? Socrates was your man, writes ***Peter Aspden***

Fancy a quick one after work? Think very carefully about it, for you will either be substantially decreasing your chances of succumbing to heart disease, or you will be stumbling on a slippery slope which leads inexorably to cancers and chronic liver complaints, dependence, violence and crime.

There is, it would seem, no middle way. This week's tiff between the World Health Organisation and a couple of reputable British scientists over the effects of alcohol consumption has severely dented our confidence in that most insidious of myths, that the moderate embrace of a vice can turn into a virtue.

Fancy a quick one after work? It used to be such an innocent question, easily considered and quickly answered, perhaps a brief consultation with the crumpled railway timetable, a swift call home, but no more. That such an inquiry could now lead us straight into pained calculations on mortality and even (after a couple to warm up) the after-life is an unhappy indictment of our positivistic culture which claims to know so much more than it does.

The WHO is, to be fair, only doing its job. It believes genuinely that there is "no minimum threshold below which alcohol can be consumed without any risk"; its message to the world is a catchy "The less you drink, the better", which I can just see jostling in the global consciousness with the glossy Martini ads and lurid billboards of young, semi-naked bodies imbibing various versions of the hard stuff.

I wonder what the Greeks would have made of it. They liked a drink, although you would hardly know it listening to the sanctimonious claims made on behalf of their culture. I have always asked myself why people are only too happy to quote the ancient world when they are discussing subjects of gravitas, such as the nature of beauty or the appeal of democracy, but ignore what John Stuart Mill would have called the pursuit of the baser pleasures which took up so much of their time.

For the fact is that all that contemplation of the virtuous life and the philosophical intrigues of existence was undertaken in an alcoholic fog the likes of which would send our dear old friends at the WHO diving into their glasses of mineral water in fright.

Consider the evidence: the comic poet Eubolos gave a pithy account of his own health advice to contemporaries: "Three *kraters* only do I mix for the temperate – one to health, which they empty first, the second to love and pleasure, the third to sleep." So far, so good.

"When this is drunk up, wise guests go home. The fourth *krater* is ours no longer, but belongs to insults, the fifth to uproar, the sixth to drunken revel, the seventh to black eyes. The eighth is the policeman's, the ninth belongs to vomiting, and the tenth to madness and hurling the furniture."

Whoops, sounds like we are on that slippery slope.

When one considers that a *krater* held about 14 litres of naturally fermented wine, admittedly diluted with water, which serviced a gathering of about seven couches (two, of course, to a couch), we get some idea of what these sessions involved. After the talk was finished, the group would go on a ritual drunken revel (komos) during which they would parade through the streets, singing and dancing, assaulting passers-by and damaging property. All this in the name of Dionysus, though it might as well have been Arsenal.

The respect for the joys of the grape can clearly be seen in Plato's *Symposium*, when the drunken roar of Alcibiades threatens to disrupt the hitherto civilised discourse on the meaning of love.

"Will you welcome into your company a man who is already drunk?" he asks his colleagues; not only do they welcome him, they ask him to contribute to their musings. At the end of his contribution, the party fizzles out in "general uproar, all order was abolished and deep drinking became the rule".

This is not to champion the cause of drink, nor to persuade any of you to stay behind for a quick one at the end of your next working day. That *would* be irresponsible. But the association of love, beauty, truth and drunkenness has a history which goes a little deeper than the oracular verdicts of today's scientists, and we would do well to bear that in mind too.

Private View/**Christian Tyler**

The woman who asked too many questions

Wangari Maathai has paid a heavy price for criticising the Kenyan government

Asking questions can get a person into trouble. It has cost Wangari Maathai her marriage and her job; she has been besieged in her house, held in jail, and beaten unconscious by police on the streets of Nairobi.

Professor Maathai is an environmental campaigner. In her country, Kenya, (as in many more liberal democracies) this can be a very political profession.

For the moment, she is free to come and go. The latest charges against her, of seditious rumour, have been dropped. "But I'm afraid of the government," she said. "I'm afraid of what they could do to me because I have not stopped doing what I was doing when they were harassing me.

"Fortunately, I've had a lot of international support," she said, not mentioning a clutch of awards. "Friends have appealed for my life. Every time I'm arrested my friends raise hell and they release me."

It was unfair to pretend she was still in danger now that the government of President Daniel arap Moi has stopped pursuing her. "But anybody who has been assassinated has not been pre-warned. So I have to be careful."

A more unlikely-looking target for assassination it would be hard to imagine. What you see in the face of this 54-year-old woman is not the hard, hunted look of the political dissident but the smiling eyes and little pearly teeth of a schoolgirl.

I asked her if being a woman had been some sort of protection.

"Well, I don't really know. Some people think that perhaps if I had been a man I would have been eliminated a long time ago. That's probably true. Also, perhaps, if I had been a man I would have been much more influential than I am," she laughed.

Formerly an associate professor of microanatomy at the University of Nairobi, Wangari Maathai says she is not politically ambitious.

She once tried to stand for parliament but was disqualified, losing her academic post in the process. She demurred when women supporters urged her to oppose Moi in the presidential election two years ago.

"I'm not looking for power, I'm not trying to overthrow anybody," she said. "I'm just trying to raise issues and I think the system sees that."

How did you become such a troublemaker?

Maathai laughed at the designation. "I think it started as I was growing up," she began, then paused, head tilted interrogatively. "How did I really get myself into all this?"

As the first African woman professor in the country, she was co-opted on to a national women's council in the early 1970s. There she discovered that there was "a lot of misery in the rural areas, no water, no energy, no firewood, and a lot of malnutrition among children".

Such observations fell on a mind prepared. In 1960 the young Wangari Muta had been picked as one of 300 young Kenyans for a pre-independence scholarship programme set up in the US. She studied biology at Kansas and Pittsburgh, then microanatomy in Munich, Bavaria.

"The country I left was extremely green, the rivers were clean, there was plenty of food. I come back seven years later and there was a lot of deforestation in order to plant cash crops. There was a lot of soil erosion: you could see gullies, the silt in the rivers.

"So I started asking questions. That is how I eventually got into a confrontation with the politicians, because I started seeing the linkage between public policy and what was happening on the ground."

In 1977 she started a women's tree-planting movement called Green Belt, which was supported by government foresters and funded by private sponsors. Its success brought her to the attention of UN and other agencies when they set up shop in Nairobi.

Trees led to environmental politics, and politics to clashes with Moi's government. Maathai has been hauled off for protesting about a planned skyscraper in Uhuru ("freedom") Park and demonstrating for the release of political prisoners. She has accused Moi of whipping up tribal hatred in order to divide the opposition and has appealed to foreign donors to withhold aid while there is administrative corruption.

One victim of her activism was her marriage to Mwangi Maathai, a politician in the ruling Kanu party. They have three children, all now studying in the US.

I asked her why he had sued for divorce.

"I think from his point of view I was a woman who was a little too, er...conspicuous for him. He was a politician and he wanted to be successful and I think I was a little bit overshadowing to him, and I didn't realise.

"Now today, if we were to start all over again, he would probably say I was an asset. He should have used me, actually, because I had the talents he needed for a political partner. But he tried to control it in a way that was a little difficult.

"Economically and socially I was independent. Emotionally I was very dependent on him. And I think that he felt like he needed...a woman. If you look independent and you can put your points across and you can stand your ground, unless you have a very understanding man, you can be a threat. And I think that's what I was. Only I was too young to understand."

Matters were made worse by the divorce process itself. Wangari says that her side of the case was ignored. The divorce became a public issue in which she was to be taught a lesson. When she accused the judge of being either corrupt or incompetent she was arrested and tried for contempt.

Will you get married again?

"I dunno. I haven't met a man to marry me." She laughed.

What sort of man would you want this time?

She found this hilarious. "Maybe I should go back and marry the same old man. Yeah." There was a note of real regret in her laugh.

Other people must have asked questions of the system, I said, but would not risk going to jail for it. Why did you?

"I sometimes don't know the answer myself. But I say it was because I was educated in mission schools, mostly taught by nuns. I think they influenced my life; these are people who also had left their countries and were there believing in fairness, doing good."

Maathai grew up in Solai, north of Nakuru in the Rift Valley, and went to school in Nyeri where her family had come from. I asked: what about your parents? Did they ask questions?

"No. My parents were farmers, very simple farmers. My father was a mechanic, a squatter on a white settler's farm so he didn't ask questions." Her father and the estate owner had been "great friends", she said.

Studying biology made her inquisitive, too. "I have a mind that tends to ask why. I do get into a lot of trouble because I'm not satisfied with the reasons I'm given. If there are no trees, then why can't we plant them? I want to get to the root of the problem. That way of thinking made me get completely out of the academic circus."

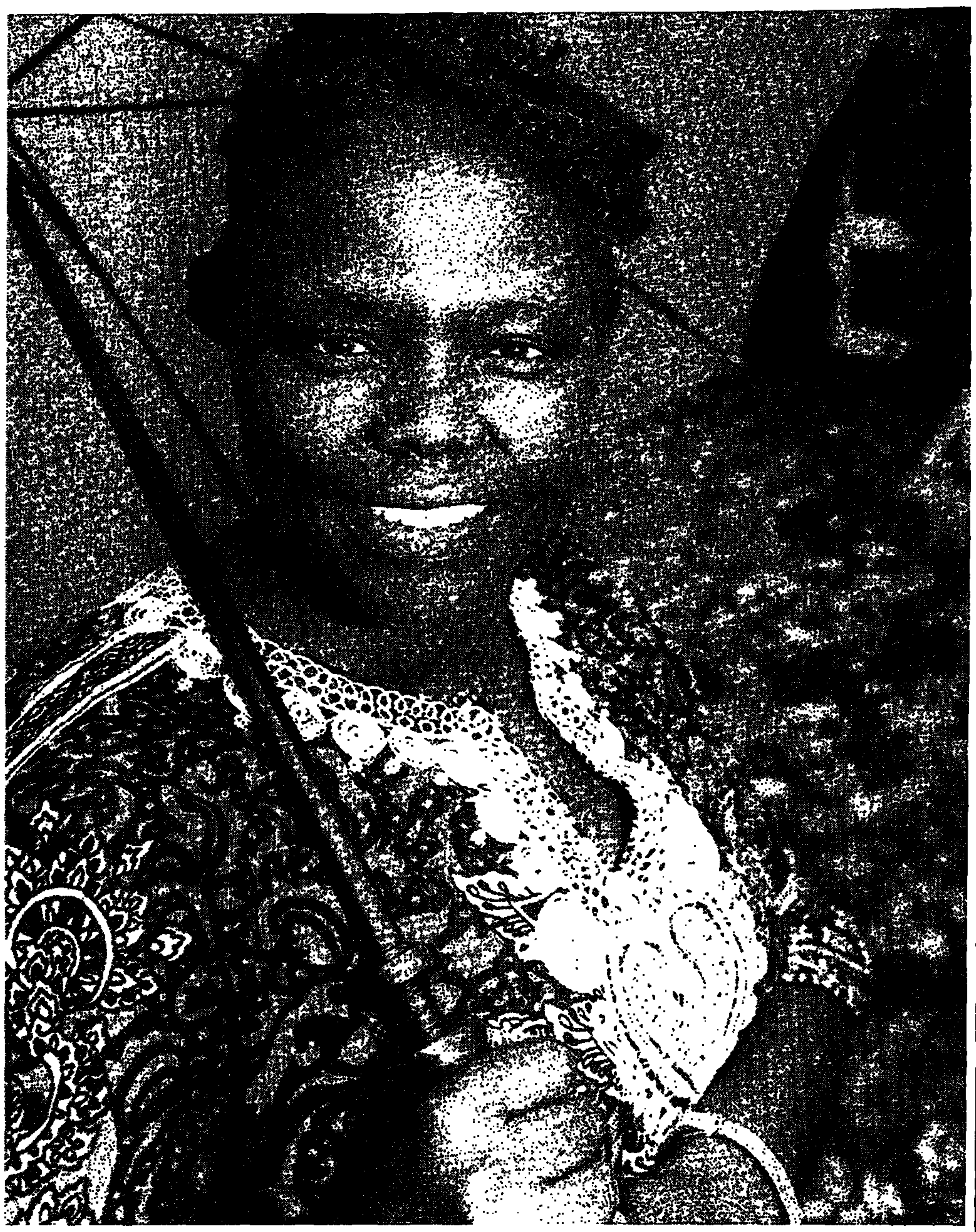
Maathai said she won no popularity prizes for sticking her neck out.

"In the beginning a lot of people, and especially a lot of women, thought that I was just being troublesome because I was educated. The way they saw it was like I was showing off, like I was just trying to be snobbish.

"That bothered me in the beginning. But we have been able to show that it's OK to stand up and now the same people turn around and say it's OK.

"I wasn't being trained to sit down and enjoy my wealth and my comfort. So I have always studied to ask questions, and I have got into a lot of trouble. But I haven't learned to be quiet, yet." She flashed a big smile.

"And I don't think I will learn, because I think people are silenced through fear."


Ashley Ashwood

As They Say in Europe/**James Morgan**

All the president's cardinals

Le Soir of Brussels proclaimed: "Santer forms his Commission but not without conflicts." The *Corriere della Sera* of Milan led on "The Pope suddenly changes his Conclave." It was nice that secular and spiritual Europe should move in step. And interesting that in catholic Europe (outside Brussels) the Vatican was generally given pride of place; in protestant lands it was the "puff of white smoke" from Jaques Santer's Luxembourg castle as he handed out his gifts.

Le Monde was the one paper to get the balance right. Both stories featured heavily on the front page and were analysed by similar yardsticks. The French were pleased that the trade commissioner, Sir Leon Brittan, was deprived of what he saw as the central element in his portfolio – relations with eastern Europe. *Le Méridional* said: "The manner in which Santer cut down to size the notorious Leon Brittan, the *bête noire* of the French ... demonstrates his will to stamp his mark on the future development of Europe."

Le Monde reckoned that Santer had "to act straightaway and decisively in face of the strong personality and ambitions of the British commissioner". It also derived a good deal of innocent pleasure from the reaction in Britain: "In a fit of offended nationalism the 'Eurosceptic' current of British Conservatives stands behind Sir Leon and sees, once again, a hard blow from the despised Brussels institution."

The analysis of winners and losers dominated much of the account of both decisions. The big loser in both cases was Italy. Rome has no senior commissioner in Brussels and gained only three new cardinals among the 30 named last Sunday. The Germans were left out of this list entirely, and they made no advances in the Commission. Spain, curiously, emerged well from both conclaves, for similar, third-worldly reasons. *Le Monde* said it now seemed to be the "great country" of southern Europe. But where the paper made an error was to fail to run the two stories as one.

After all, the Pope, a Pole, promoted east Europeans in large numbers and Santer fellow members of the Benelux grouping. If indeed there is a pattern emerging in Brussels it is one modelled on Rome.

So we should look to history to see what the future may hold. In his book *The Italians*, Luigi Barzini wrote that popes were at a disadvantage compared with kings. Just as, one might say, Euro-presidents are compared with prime ministers. When a pope was appointed he was often old and decrepit. "He was in a hurry: he had to do for his kinsmen, within a few years, before it was too late, what most royal families had taken centuries to achieve ... The men surrounding him were adequately loyal, but not to him."

The parallel offers sufficient similarities to merit further consideration. The European Union offers a reasonable facsimile of western Christendom *circa* 1540. The protestant Reformation was well under way and the uniformity of medieval Europe had fallen apart. The key novelty was the doctrine of justification by works ("do good and you shall be saved") as opposed to the catholic emphasis on justification by faith ("believe and you shall be saved"). Martin Luther thought that anybody worth anything should be able to prove it through actions rather than by public displays of devotion.

In the European argument the questions at issue in the reformation are translated into modern terms. One's fidelity to the European cause is, in most of the Union, judged by one's ability to recite the trinitarian creed of one currency, convergence and monetary union. The protestants reject this idolatry. They ask whether devotees have in fact implemented the Commission's directive on asbestos extraction in forklift trucks.

Euro-protestantism is at its strongest in Britain and Denmark: in Germany the post-reformation concept of *cuius regio, eius religio* is in force. The Germans prefer the protestant virtues of their D-Mark to the universality of the ecu. But their leaders' Euro-orthodoxy means they have no choice but to accept the direction in which the country is being driven.

Unfortunately, Brussels is not yet in all respects a new Rome and the Commission not yet a college of cardinals. In the *Corriere della Sera*, a reporter who is a long-time friend of one new cardinal, Ersilio Tonini, quoted him as saying: "To live in peace, a chunk of bread and a clear conscience suffice." Try telling that to a European Commissioner.

■ *James Morgan is economics correspondent of the BBC World Service.*

Tragedy of the useless arts

Philip Crowe asks whether poems and opera can make the human species less brutish

Last year it was a concrete house which won the Turner Prize. It was denounced by one expert in modern art as the "biggest piece of junk ever". This year's hot tip for the £20,000 award is five solid iron sculptures of a naked man, each bent in a 90° angle and arranged in different positions. The entry, called "Testing a World View", is said by the sculptor to show the "western culture's right-angled psychological dimension. Flung around the room, they demonstrate the current crisis of this kind of world view."

Someone once said that the definition of the highest art is that one should feel that life is this, and not otherwise. It may be hard, but not necessarily impossible, to feel that life is the concrete inside of a house or the random arrangement of solid iron figures.

The highest art gives a vision of what human life can be. It opens up possibilities dimly seen. It lifts the spirit, and because it has the power to make people feel that "life is this and not otherwise," it has the power to transform human life. Yet, in spite of all this, art remains essentially useless, particularly when usefulness is measured by the criteria of the market economy.

In his earlier life, Leo Tolstoy, author of *War and Peace*, was strenuously opposed to any idea that art can be useful. The true purpose of art, he maintained, was "to make people love life in all its countless, inexhaustible manifestations. If I were told," he wrote, "that I could write a novel whereby I might irrefutably establish what seemed to me the correct point of view on all social problems, I would not even devote two hours to such a novel; but if I were to be told that what I should write would be read in about 20 years by those who are now children, and that they would laugh and cry over it and love life, I would devote all my own life and all my energies to it."

Sadly in his later life, Tolstoy abandoned this view. Instead he held that art should be made to serve good moral purposes, and he tried to buttress his arguments by telling a famous story.

It is the story of a princess who goes to the theatre, driven there in her coach by her old and faithful coachman. The tragedy on stage moves her to tears. Meanwhile outside the night is bitterly cold and a real tragedy takes place. Her faithful coachman, waiting to take her home, freezes to death.

Tolstoy intended the story as a dreadful example of the failure to make connections between art and good behaviour; but all his passionate arguments failed. They proved less telling than the story itself, of the weeping princess and the freezing coachman, which is in fact a parable of the uselessness of art.

Kenneth Clark, whose personal view of civilisation was so cultured and compelling, grew up to love and trust paintings more than people. His son tells that "he found that art could give him tenderness and solace and energy and tranquillity and a beauty without asking for anything in return."

Human beings he found more problematic. His wife, crushed by the casual nature of his many transient relationships, found solace not in art but in alcohol. The irony is greater even than in Tolstoy's story – Lord Clark on television eloquently extolling the glories of civilisation and art, while at home his wife drank herself into uncivilised oblivion.

Exposure to centuries of great art does not seem to have done much for the morality of either nations or individuals. Art is useless. It has no immediate, practical value. Technological progress has done more than art to soften the brutishness of the human species.

Looking at paintings does not feed the hungry, listening to Beethoven does not house the homeless. But art has a deep, essential uselessness. Like religion, art is concerned with ultimate ends, with what human life is really about. Art which degenerates into propaganda, which has to be useful in some practical way, misses the point. In itself, art is impotent. To experience great art may transform human life, but it will not necessarily do so.

Great art invites us to see things as they truly are. It illumines the world, and shows us what might be. It can take us out of ourselves.

Art, at its best, is a living experience, as profound as that which T.S. Eliot describes when he writes of:

"Music heard so deeply
That it is not heard at all,
But you are the music
While the music lasts."

What we make of that living experience is up to us.

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